

ANNUAL REPORT 2017



INNOVATION • EXCELLENCE • DISTINCTION

DATASONIC
GROUP BERHAD

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

OUR VISION, MISSION AND STRATEGIES



OUR VISION

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

OUR MISSION

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

OUR STRATEGIES

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



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FINANCIAL HIGHLIGHTS

Revenue
RM318.4 million

**Earnings Before
Interest, Tax,
Depreciation &
Amortisation
(EBITDA)**
RM112.6 million

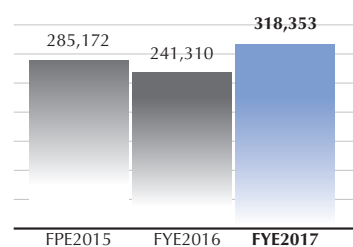
*Included Other Income,
excluded Interest Income*

**Profit After
Taxation (PAT)**
RM62.5 million

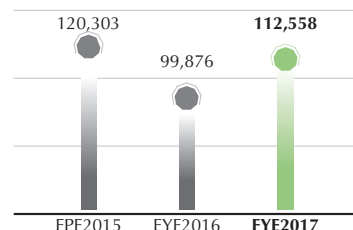
**Earnings Per
Share (EPS)**
4.64 sen

*Based on 1.35 billion
ordinary shares*

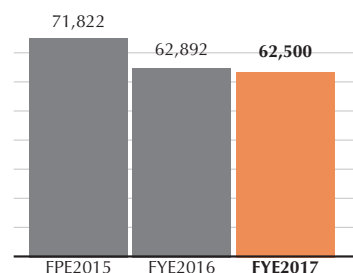
REVENUE (RM'000)



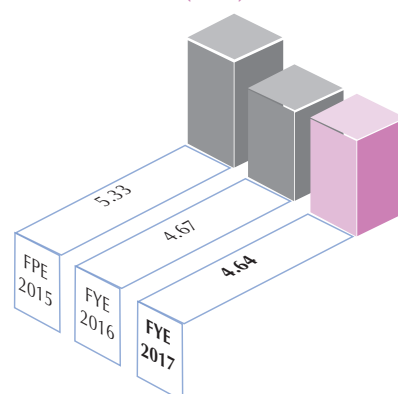
EBITDA (RM'000)



PAT (RM'000)



EPS (SEN)

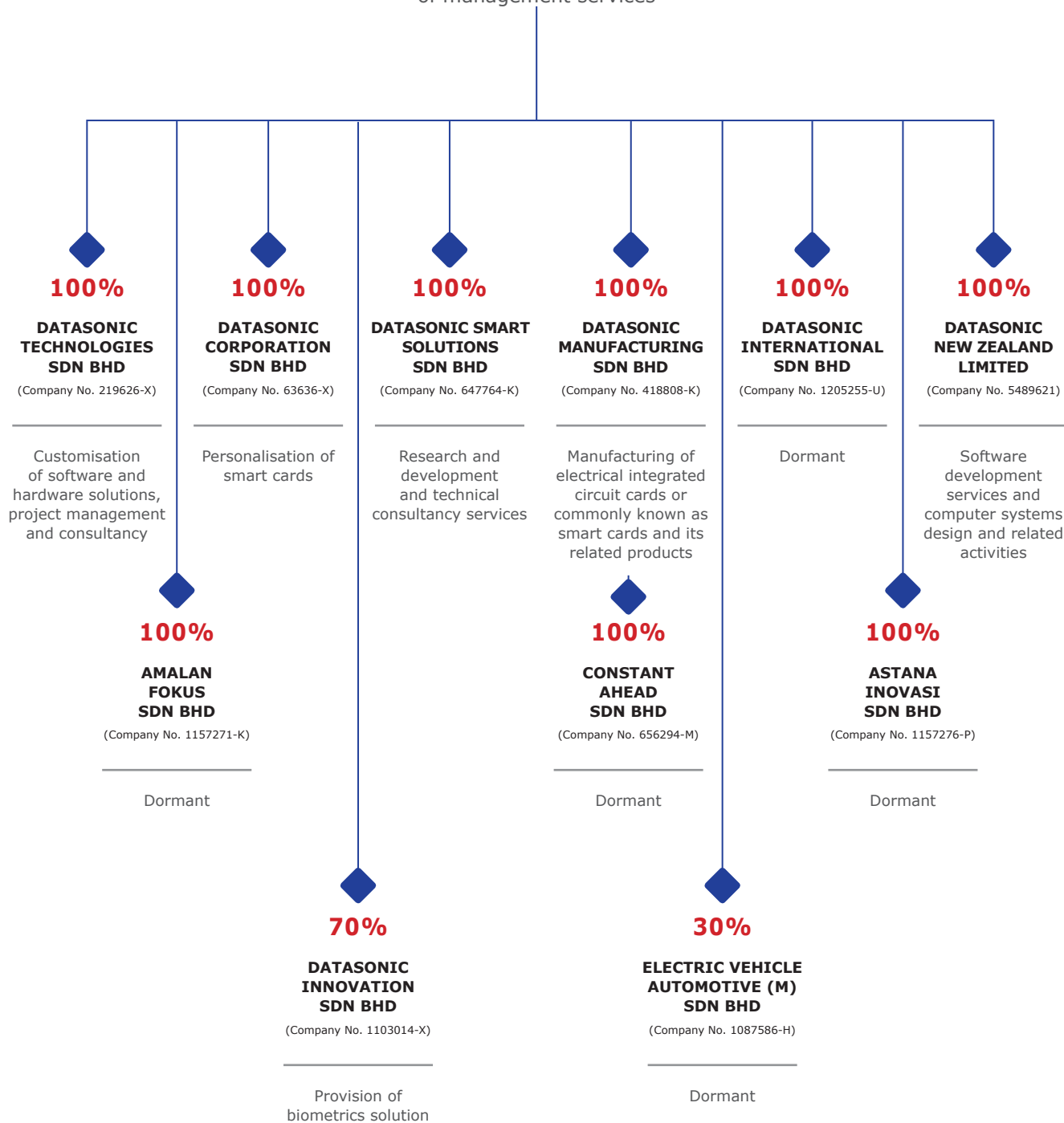


Note: FPE 2015 consists of 15 months for the period from 1 January 2014 to 31 March 2015

CORPORATE STRUCTURE



Investment holding and provision
of management services



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

CORPORATE INFORMATION (CONT'D)

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

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 (AF 1018)
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
Helpdesk: (603) 7849 0777
Fax: (603) 7841 8151/8152

INVESTOR RELATIONS

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

PRINCIPAL BANKER

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

BOARD OF DIRECTORS' PROFILE

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

Independent Non-Executive Chairman

Nationality/Age: Malaysian/82

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B) 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 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 also the Chairman of Chiyoda Malaysia Sdn Bhd, National Aerospace & Defence Industries Sdn Bhd and Dibena Enterprise Sdn Bhd.

He is currently the Chairman of The Regional Committee of Glutamate Science Southeast Asia/South Asia (RCGS). The member countries are Malaysia, Singapore, Cambodia, Thailand, Indonesia, Philippines, Vietnam, Bangladesh and India.

He also sits on the Board of the Institute of Strategic and International Studies (ISIS) – a Malaysia Think Tank responsible for formulating policies and conducting research for national and international issues.

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/70

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Dato' Wan Mohd Safiain bin Wan Hasan 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. He also holds directorships in several private limited companies. He does not hold any directorship in other public companies and listed companies.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Datuk Haji Abu Hanifah bin Noordin

Managing Director

Nationality/Age: Malaysian/65

Gender: Male

Date Appointed to the Board: 13 March 2008

Length of Service: 9 years

Datuk Haji Hanifah bin Noordin is the Managing Director/Chief Executive Director of the Company. 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 sits on the Board of Datasonic Foundation. 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/60

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Mr Chew Ben Ben 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, as a Consultant in 2005, and was later appointed as a Director of Datasonic Corporation Sdn Bhd 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. He does not hold any directorship in other public companies and listed companies.

**BOARD OF
DIRECTORS' PROFILE (CONT'D)****Encik Handrianov Putra bin Abu Hanifah***Executive Director**Nationality/Age: Malaysian/28**Gender: Male**Date Appointed to the Board: 27 June 2011**Length of Service: 6 years*

Encik Handrianov Putra bin Abu Hanifah 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, 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. He does not hold any directorship in other public companies and listed companies.

Encik Md Diah bin Ramli*Executive Director**Nationality/Age: Malaysian/56**Gender: Male**Date Appointed to the Board: 27 June 2011**Length of Service: 6 years*

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

He began his career as a Plantation Assistant Manager at Harrisson Malaysian Plantation Berhad in 1983. Subsequently he joined FELCRA Settlers Cooperatives in 1985 as a Project and Marketing Assistant Manager. In 1992, he joined Dibena Technologies Sdn Bhd as Sales and Marketing Executive and was later promoted to Senior Manager in 2004. He has vast experience and has involved in various business and management portfolio within the company. He was appointed as Executive Director of Dibena Enterprise Sdn Bhd, in 2005 as well as several subsidiary companies of the Group. He does not hold any directorship in other public companies and listed companies.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Encik Mohamed Zulkhornain bin Ab Ranee

Executive Director

Nationality/Age: Malaysian/56

Gender: Male

Date Appointed to the Board: 29 November 2012

Length of Service: 5 years

Encik Mohamed Zulkhornain bin Ab Ranee 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 (NRD) 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). He does not hold any directorship in other public companies and listed companies.

Mr Raghbir Singh a/l Hari Singh

Executive Director

Nationality/Age: Malaysian/72

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Mr Raghbir Singh a/l Hari Singh 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. He does not hold any directorship in other public companies and listed companies.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Puan Talya Zholeikha binti Abu Hanifah

Executive Director

Nationality/Age: Malaysian/35

Gender: Female

Date Appointed to the Board: 28 February 2014

Length of Service: 3 years

Puan Talya Zholeikha binti Abu Hanifah 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. She does not hold any directorship in other public companies and listed companies.

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir

Independent Non-Executive Director, member of the Nomination Committee

Nationality/Age: Malaysian/62

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir 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, and also director for several private limited companies. He does not hold any directorship in other public companies and listed companies.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Cik Safia Zuleira binti Abu Hanifah

Non-Independent Non-Executive Director

Nationality/Age: Malaysian/30

Gender: Female

Date Appointed to the Board: 30 May 2014

Length of Service: 3 years

Cik Safia Zuleira binti Abu Hanifah 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, 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. She does not hold any directorship in other public companies and listed companies.

Dato' Wan Ibrahim bin Wan Ahmad

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

Nationality/Age: Malaysian/67

Gender: Male

Date Appointed to the Board: 27 June 2011

Length of Service: 6 years

Dato' Wan Ibrahim bin Wan Ahmad 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.

He is also the Director of Datasonic Corporation Sdn Bhd, a wholly-owned subsidiary of the Company. He does not hold any directorship in other public companies and listed companies.

**BOARD OF
DIRECTORS' PROFILE (CONT'D)****Mr Yee Kim Shing @ Yew Kim Sing***Independent Non-Executive Director, Chairman of the Audit Committee**Nationality/Age: Malaysian/79**Gender: Male**Date Appointed to the Board: 27 June 2011**Length of Service: 6 years*

Mr Yee Kim Shing graduated from University of Melbourne in 1960 with a Bachelor of Commerce. He is a member of the Malaysian Institute of Accountants (MIA), 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/45**Gender: Male**Date Appointed to the Board: 27 June 2011**Length of Service: 6 years*

Dato' Zaiful Ayu Ibrahim bin Ibrahim 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 of 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. He does not hold any directorship in other public companies and listed companies.

BOARD OF DIRECTORS' PROFILE (CONT'D)

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 Directors have family relationship with any other Directors and/or Major Shareholders of the Company.

Conflict of Interest

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

Conviction for Offences (within the past 5 years, other than traffic offences)

None of the Directors have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Number of Board Meetings attended in the financial year ended 31 March 2017

The details of the Directors' attendance at Board meetings are set out on page 47 of the Annual Report.

KEY SENIOR MANAGEMENT'S PROFILE

Datuk Haji Ab Hamid bin Mohamad Hanipah

Director of Datasonic Technologies Sdn Bhd

Nationality/Age: Malaysian/63

Gender: Male

Date Appointed to the Key Senior Management position: 1 June 2014

Datuk Haji Ab Hamid bin Mohamad Hanipah began his career as a government security officer in the year 1978 and left the civil service as Deputy Director General of Chief Government Security Office (CGSO), Prime Minister's Department in April 2014.

While in service, he attended Senior Special Branch Officers Programme in Special Branch School, Kuala Lumpur in 1978. Then in 1985, he attended the Senior Security Intelligence Officers Course and Government Security Course in Defence College of London.

He then enrolled in Management of Training Programme and Civil Service Reform Programme in 1992 and 1995 at Royal Institute of Public Administration (RIPA), London. He also participated in various programmes related to protective security and management.

He has contributed vastly in the development of Information Communication Technology (ICT) Security Policy which encompasses training, directives of ICT Security and formulating manual Malaysian Public Sector Management of Information and Communication Technology Handbook (MyMis). He headed the team for formulating security directives and manuals during the shifting of federal administrative centre from Kuala Lumpur to Putrajaya.

He is a Director of Safe Shield Security Sdn Bhd. He does not hold any directorship in other public companies and listed companies.

Dato' Mohd Habib bin Jamaldin

Director of Datasonic Technologies Sdn Bhd

Nationality/Age: Malaysian/62

Gender: Male

Date Appointed to the Key Senior Management position: 15 December 2013

Dato' Mohd Habib bin Jamaldin graduated from University Science Malaysia with Bachelor of Applied Science (Majoring in Electronics), later he continued his studies in United Kingdom to obtain a higher National Diploma in Printing from Watford College.

He started his career as an Assistant Director (Printing) in Government Printer (Jabatan Percetakan Negara now known as Percetakan Nasional Malaysia Berhad) in 1983, moving his way up to Managing Director before his retirement in January 2010.

A valuable experience in printing Government Security and general documents, a good knowledge of government procedures and policies over a period of 27 years and experiencing a technological change from traditional offset printing to current digital printing while managing a work force of about 1,000 employees with various location in Malaysia.

He does not hold any directorship in other public companies and listed companies.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Chuah Ban Cheng

Director of Datasonic Corporation Sdn Bhd

Nationality/Age: Malaysian/51

Gender: Male

Date Appointed to the Key Senior Management position: 1 November 2012

Mr. Chuah Ban Cheng joined Datasonic as Director of the International and Domestic Sales Division. He graduated from University of Malaya in 1991 with a Bachelor Degree in Electrical Engineering.

He has 24 years working experience in the Information Communication Technology (ICT) industry specialising in semiconductors and smart card technology. His career has spanned a wide portfolio of positions ranging from technical, commercial, marketing, business development, business planning, business evaluation and acquisition, corporate planning, international to senior management.

With his extensive experience in project management, strategic sales engagement, contract negotiation and the global ICT and smart card market, he has been instrumental in assisting the company to establish itself as an international leader in the field.

His responsibilities include overseeing the business operations and development of new business as well as increasing coverage of products and services throughout Malaysia, as well as to develop specialist products and services worldwide through organic growth as well as strategic acquisitions in order to penetrate new markets globally.

He does not hold any directorship in other public companies and listed companies.

Siti Rohana binti Abd. Majid

Director of Datasonic Technologies Sdn Bhd and Datasonic Smart Solutions Sdn Bhd

Nationality/Age: Malaysian/58

Gender: Female

Date Appointed to the Key Senior Management position: 17 July 2008

Siti Rohana joined Datasonic Technologies Sdn Bhd as the Head of Telecommunications and subsequently promoted as a Director of Datasonic Technologies Sdn Bhd on 17 September 2009. She graduated from the University of South Florida, USA in 1985 with a Bachelor of Science majoring in Electrical Engineering.

She began her career in 1980 with Telekom Malaysia Berhad after obtaining a Diploma in Electrical Electronics Engineering from UiTM. She worked for Telekom Malaysia for more than 20 years. During her tenure with Telekom Malaysia Berhad, some of her jobs responsibility covered planning and implementation of local access network, planning and project implementation of radio transmission and multiplexes, technical planning, project implementation and marketing of Mobile services in Sabah. She was also the Head of Marketing, SUKOM 1998 Project for Telekom Malaysia dealing with the Local and International Broadcasters and News Media for their telecommunications need from Mobile Satellite to simple telephones. For 6 years she was in Telco Strategy, as the Assistant General Manager for Business Strategy Analysis and Development, Head of Competitor Management, Head of Regulatory Management and her last post was General Manager of Contact Centre Management in 2004.

From 2005 to 2008, she ran her own business in training and general trading through Rizqin As` Sidiq Sdn Bhd.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Her current responsibilities include overseeing the business management, project management and operations of Next Generation Network (NGN) project and Broadband over Power Line (BPL) project. NGN project is for Telekom Malaysia as a Local Partner which includes hardware and software installation, testing, commissioning and customer migration to NGN platform. BPL project is to provide a cheaper and faster broadband access to *rakyat* in line with the Government's National Broadband Plan.

She does not hold any directorship in other public companies and listed companies.

Nor Hayati binti Mohd. Sidik

Projects Advisor - Corporate Management Office

Nationality/Age: Malaysian/48

Gender: Female

Date Appointed to the Key Senior Management position: 1 August 2014

Puan Nor Hayati graduated from Purdue University at Indianapolis, Indiana, USA with Bachelor of Science in Electrical Engineering in 1991. She is a member of Board of Engineers Malaysia (BEM) as well as Institute of Engineers Malaysia (IEM).

She has 22 years technical and management experiences in construction, telecommunication and mission critical industries. Her career started as Electrical Engineer for construction company Kejuruteraan Bintai Kindenko and later moved to Binariang Sdn Bhd (now known as Maxis Communication Bhd) which saw her involved in GSM and Technical Office Centers Roll Out nationwide. In Maxis, she led the Facility Engineering and was part of the Technical Due Diligence Team during MAXIS-TIMECell merger acquisition as well as involved during Maxis-NatrindoTelepon Seluler Technical Due Diligence and roll out planning in Indonesia. Her last post was General Manager for Sapura Secured Technologies where her involvement was in providing mission critical solutions to Government of Malaysia.

She does not hold any directorship in other public companies and listed companies.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

Family Relationship with any Director and/or Major Shareholder

Except for Puan Nor Hayati binti Mohd. Sidik who is the daughter-in-law of Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B), none of the Key Senior Management have family relationship with any other Directors and/or Major Shareholders of the Company.

Conflict of Interest

None of the Key Senior Management have any conflict of interest with the Company.

Conviction for Offences (within the past 5 years, other than traffic offences)

None of the Key Senior Management have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Datasonic's ability to consistently deliver value even in trying times lies in its capacity to align the Group's focus to the concerns of its stakeholders, such as the government and regulators, shareholders and investors, customers, suppliers, employees and communities.

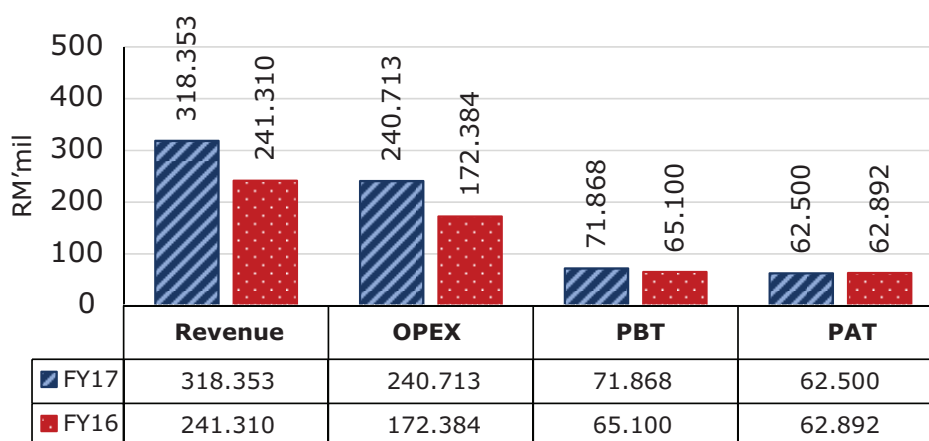
CHAIRMAN'S STATEMENT (CONT'D)

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report of Datasonic Group Berhad ("Datasonic" or "The Group") for the financial year ended 31 March 2017 ("FY17").

In line with the requirement of *Bank Negara Malaysia* for the migration from PMPC ("Payment Multi-Purpose Card") proprietary chip card standard to MCCS ("Malaysian Chip Card Specification") EMV™ based chip card standards in 2015, the Group's significant involvement in the sales and personalisation of banking and financial cards has cushioned the adverse impact of economic uncertainty. In times of global economic slowdown, Datasonic's business has sustained as a result of new revenue streams and prudent management of working capital as well as strategic cost control measures. This, coupled with proper risk management, will continue to help the Group to manoeuvre challenging market conditions and capitalise on future value creation opportunities.

OUR RESULTS



The Group registered a revenue of RM318.353 million for FY17. Year-on-year, this represents an improvement of 31.9% as compared with the revenue of the previous financial year ended 31 March 2016 ("FY16"), due mainly to new revenue streams from the supplies of passport chips and passport documents which commenced in FY17, and higher sales generated by our regional personalisation services ("RPS") division owing to the MCCS migration. Although our year-on-year revenue has increased, our profit after tax ("PAT") of RM62.500 million in FY17 was RM0.329 million lower than (or 0.6% below) the PAT of RM62.892 million reported in FY16 mainly attributable to lower profit margins from the new projects which have higher operating costs.

The Group's financial performance is amplified in Section 2 of the Group's Management Discussion & Analysis ("MD&A") on page 25.

OUR STRATEGY

We are determined and are confident to grow our business locally, regionally and globally to enhance our shareholder value and bring Datasonic to greater heights. To achieve this, we constantly assess our strengths and weaknesses to take advantage of opportunities and manage threats in our core areas to set the Group on a firmer footing for future growth. Also, we maintain our focus on investing in R&D and human capital to create innovative solutions to enhance our competitive edge. At the same time, the Group will continue to drive operational efficiencies while seeking out investment opportunities that will maximise long-term shareholder returns.

Read more about our Strategies as elaborated in Section 1.4 of the Group's MD&A on page 24.

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDEND

The following single-tier tax exempt dividends were paid in FY17:

Financial Year	Declaration Date	Description	Dividend per Share	Dividend Paid RM'mil	Payment Date
FY16	26.02.2016	2 nd Interim	1.0 sen	13.500	12.04.2016
	27.05.2016	3 rd Interim	1.0 sen	13.500	24.06.2016
FY17	26.08.2016	1 st Interim	1.0 sen	13.500	28.09.2016
	25.11.2016	2 nd Interim	1.0 sen	13.500	13.01.2017
	27.02.2017	3 rd Interim	0.5 sen	6.750	21.04.2017
	25.05.2017	4 th Interim	1.5 sen	20.250	20.06.2017

The total dividend payout for the current financial year under review was RM54.000 million, or a net dividend payout ratio of 86.4%.

DELIVERING SUSTAINABLE VALUE

FY17 proved to be a challenging year for the Group. During this time, the Group was exposed to operational challenges brought about by unwarranted and un-researched adverse media comments in respect of the supply of passport chips and passport booklets engineered by other key industry players and tight cash flows due to foreign exchange exposure, delayed collections from customers as well as heavy initial investment in infrastructure for passport production. Datasonic, nevertheless, remained resilient in the face of all the challenges. The Board believes that the resilience and the track record built up so far in the domestic market would pave the way for Datasonic to expand its horizons abroad.

CORPORATE GOVERNANCE

Datasonic's commitment to strengthening its corporate governance remains key in providing the framework within which the Group can implement its strategy and create further value for our shareholders. We have continued to enhance our governance towards a greater emphasis on raising the standards of good practice in relation to Board leadership and effectiveness. This is evident in our pursuit to achieve a high performing Board through various initiatives for establishing clear roles and responsibilities, including the adoption of various policies, procedures and guidelines which include but are not limited to the following:

- Code of Conduct and Ethics for Directors
- Whistleblowing Policy and Procedures
- Succession Planning Guidelines
- Shareholders Communication Policy
- Gender Diversity Policy

The Group's various policies, procedures and guidelines have been made available for reference at the Company's website www.datasonic.com.my.

Read more about the Group's approach to governance in the Statement on Corporate Governance on page 37.

CHAIRMAN'S STATEMENT (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board places great importance on identifying and dealing with wide-ranging risk potentials as this is crucial in safeguarding and enhancing shareholder value. The anticipated or known risks that the Group is exposed to which may have a material effect on the Group's operations, performance, financial condition, and liquidity together with a discussion of the plans or strategies to mitigate such risks are elaborated in the Section 4 of the Group's MD&A on page 30.

The Group's Enterprise Risk Management ("ERM") Framework and Internal Control System, which is further described in the Statement on Risk Management and Internal Control on page 63, specifically addresses some of Datasonic's most significant risk areas. Our appetite for risk in these areas is a key consideration in our decision making, as defined risk appetite parameters guide the Group's risk tolerance when pursuing its strategic objectives.

STAKEHOLDER ENGAGEMENT

Datasonic's ability to consistently deliver value even in trying times lies in its capacity to align the Group's focus to the concerns of its stakeholders, such as the government and regulators, shareholders and investors, customers, suppliers, employees and communities.

Throughout the year, the Company has engaged with significant stakeholders through various methods and channels to communicate developments within the Group and its strategies.

In line with the Group's commitment towards transparency to build trust with its respective stakeholders, this exercise has been instrumental in helping to highlight material sustainability issues. We will continue to engage and value the priorities and concerns of our stakeholders in our pursuit to inculcate a customer centric culture within the Group. The feedback and input received from the engagement process have been taken into consideration in the formulation of the Company's strategies.

For more details on our key focus areas, please refer to the stakeholder engagement approaches as included in the Marketplace section on page 33 of the Corporate Responsibility Statement.

OUR PEOPLE AND VALUES

Here at Datasonic, we continuously invest in our people as we strongly believe that they are one of the main driving forces in propelling Datasonic to greater heights.

As technology advances, businesses are forced to adapt. Accordingly, the Group invest in Training & Development to support continuous professional development for our employees and encourage value creation through R&D and innovation in accordance with our business strategy, thereby improving the prospects for future success.

Read more about our Workplace as included on page 32 of the Corporate Responsibility Statement.

CHAIRMAN'S STATEMENT (CONT'D)

OUR FUTURE

Multi-application secure ID and ICAO compliant e-Passport is a global trend. The potential to expand our smart ID and e-Passport project to the overseas market is huge. We aim to be a leading security related solutions provider in the region by 2020 and in the global market by 2025.

Datasonic's first venture into *fintech* ("financial technology") was the Maybank self-service re-carding kiosks, which significantly reduced waiting time for the replacement of PIN-enabled cards. Other financial institutions, including some from Indonesia, have since approached Datasonic for strategic partnerships in the group's self-service kiosk solutions, which can later be adapted to carry out opening of accounts as well as processing e-payments.

In addition, Datasonic is the number one provider of chip-based EMV financial cards in Malaysia. Our customers include Maybank, CIMB Bank, RHB Bank and Hong Leong Bank, among others. The Group's 25,000 square feet Regional Personalisation Center, which is the largest in South-East Asia, is equipped with high performance personalisation equipment. Thus, Datasonic has sufficient capacity to expand our financial business locally and regionally.

Various issues and challenges shall be addressed through group-wide risk management and sustainable practices. The Group will continue to strengthen its capacity through cost reduction and improving cash flow generation. Datasonic also aims to capitalise on our various business models and our innovation culture to deliver sustainable value to the stakeholders. We are confident that our strategies will enable the Group to be better positioned for future growth while delivering sustainable value to our shareholders, employees and the respective markets in which the Group operates.

ACKNOWLEDGEMENT

In conclusion, FY17 has been another 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 colleagues for their invaluable contribution and outstanding achievements despite the extremely challenging business environment. I would also like to thank our valued stakeholders for their continuous support, trust and confidence in our Group.

My heartfelt gratitude also goes out to the management team and everyone in Datasonic for their outstanding commitment and performance, particularly during this challenging period. Datasonic is well positioned to continuously grow and improve its performance with your unwavering support.

**JENERAL TAN SRI (DR)
MOHAMED HASHIM BIN MOHD ALI (B)**

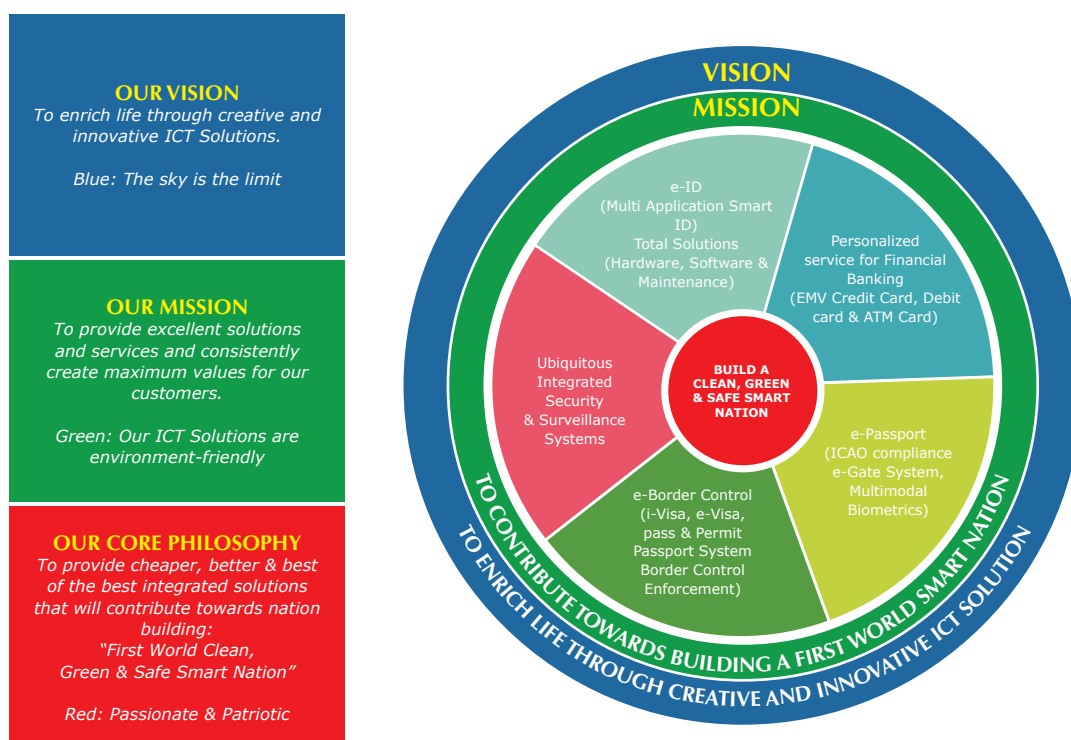
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

1. OVERVIEW OF OUR BUSINESS AND OPERATIONS

1.1 Our Corporate Vision, Mission and Philosophy

As one of the largest security-based ICT solutions provider, Datasonic Group Berhad ("Datasonic" or "the Group") always emphasises on the provision of excellent solutions and services and consistently creating maximum values for its customers. Supported by our vision, mission and five core pillars of business with extensive technology, we continue to strengthen our core competency to provide cheaper and better solutions towards building a clean, green & safe and smart nation.



1.2 Our Business Segments

Datasonic's business is divided into three segments, namely

- Customised Smart Card Solutions ("CSCS") segment, which focuses on large-scale customised software and hardware system, project management for secure identification ("ID") and other software solutions services;
- Manufacturing ("MA") segment, which manufactures smart cards and passport documents; and
- Investment Holding ("IH"), which provides investment holding and management services to Datasonic's Group of companies.

The review of business operations by segments is further discussed in Section 3 of this MD&A.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

1. OVERVIEW OF OUR BUSINESS AND OPERATIONS (CONT'D)

1.3 Our Principal Market & Major Customers

As one of the leading security-based ICT solutions provider in the market, we provide highly secured identification ("ID") for the government, mainly the Malaysian ID Card (MyKad) and personalisation solutions for the National Registration Dept. of Malaysia ("Jabatan Pendaftaran Negara, JPN") and Malaysian Passports to the Immigration Dept. of Malaysia ("Jabatan Imigresen Malaysia, JIM"). In addition, we also provide other large-scale ICT software system solutions and integrated security and surveillance system solutions to various other government agencies and municipal bodies such as the Prime Minister's Department of Malaysia, Ministry of Women, Family & Community Development of Malaysia, Majlis Bandaraya Pulau Pinang ("MBPP"), Majlis Perbandaran Seberang Perai ("MPSP"), Majlis Perbandaran Nilai ("MPN"), and etc.

Our solutions also span across non-governmental sectors which include smart card solutions and ICT software solutions for our commercial market as well as EMV™ chip based credit card and MCCS ("Malaysian Chip Card Specification") standard debit card personalisation services for the financial market. As the leading financial card personalisation provider, our 25,000 square feet Regional Personalisation Services ("RPS") centre has been appointed by various major banks in Malaysia to personalise credit and debit cards in Malaysia since 2003.

1.4 Our Objectives and Strategies

To transform Datasonic Group Berhad to become:

- **National security-related ICT Champion by 2017**
- **Regional security-related ICT Champion by 2020**
- **Global security-related ICT Champion by 2025**

Datasonic aims to be a leading security related solutions provider in the region by 2020 and in the global market by 2025. In order to consistently deliver high-security products and/or solutions to its customers, the Group will continue to engage and value the priorities and concerns of its stakeholders to inculcate a customer centric culture within the Group. In order to enhance its competitive edge, the Group focuses on investing in R&D and human capital to create highly secured, integrated and innovative ICT solutions for various governmental, commercial and financial markets. By nurturing on our in-depth experience and established relationship with various stakeholders, the Board believes that the resilience and track record built up so far in the domestic market would pave the way for Datasonic to expand its horizons abroad.

While seeking out investment opportunities that will maximise shareholder returns, the Group will continue to drive operational efficiencies either by forging strategic partnerships with world class players to help accelerate our product development cycle and/or to expand the portfolio of our products & solutions.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

2. REVIEW OF OUR FINANCIAL RESULTS

	FY17	FY16	Y-on-Y	
	RM'mil	RM'mil	RM'mil	%
REVENUE	318.353	241.310	77.043	31.9%
COST OF SALES	(180.522)	(112.429)	(68.093)	60.6%
GROSS PROFIT	137.831	128.881	8.950	6.9%
OTHER INCOME	1.020	1.387	(0.367)	-26.5%
	138.851	130.268	8.583	6.6%
ADMINISTRATIVE EXPENSES	(60.191)	(59.955)	(0.236)	0.4%
	78.660	70.313	8.347	11.9%
FINANCE COSTS	(6.792)	(5.213)	(1.579)	30.3%
PROFIT BEFORE TAXATION	71.868	65.100	6.768	10.4%
INCOME TAX EXPENSE	(9.368)	(2.208)	(7.160)	324.3%
PROFIT AFTER TAXATION	62.500	62.892	(0.392)	-0.6%

2.1 Revenue

Year-on-year, our revenue has increased by 31.9% (+RM77.043 million) from RM241.310 million in the previous financial year ended 31 March 2016 ("FY16") to RM318.353 million in the current financial year ended 31 March 2017 ("FY17"). The increase in revenue was mainly contributed by the commencement of new projects (e.g. passport chips and passport booklets) and higher revenues from our RPS division (namely sales of financial cards and/or provision of personalisation services in line with the requirement of Bank Negara for migration of debit cards and credit cards from the signature based credit cards to the PIN-based credit cards and MCCS debit cards.)

2.2 Cost of Sales

The Group's cost of sales increased by 60.6% (+RM68.093 million) from RM112.429 million in FY16 to RM180.522 million in FY17 in line with the increase in revenue. However, gross profit margin has decreased by 10.1% (FY17: 43.3% vs. FY16: 53.4%) mainly because the new projects have lower GP margin.

2.3 Finance Costs

Finance costs increased by 30.3% (+RM1.579 million) from RM5.213 million to RM6.792 million mainly due to higher utilisation of banking facilities for the requirements of new projects in FY17.

2.4 Income Tax Expense

Year-on-year, income tax expense increased due to higher revenue contribution from other business segment which is not exempted from the MSC pioneer status.

2.5 Profit After Taxation

Our profit after tax of RM62.500 million in FY17 was RM0.329 million lower than (or 0.6% below) the PAT of RM62.892 million reported in FY16 mainly attributable to lower profit margins from the new projects which have higher operating costs.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

2. REVIEW OF OUR FINANCIAL RESULTS (CONT'D)

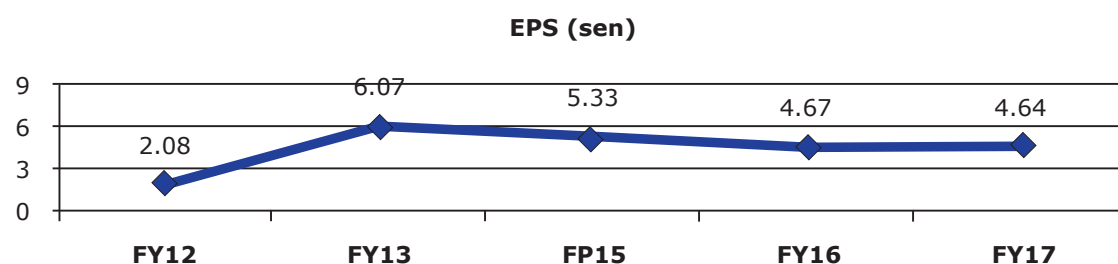
2.6 Liquidity & Capital Resources

Datasonic Group's cash position improved from RM22.343 million as at 31 March 2016 to RM24.166 million as at 31 March 2017. Net cash generated from operating activities was RM73.940 million, of which RM41.467 million was invested in capital expenditure for new projects, RM96.963 million was utilised for repayment of bank borrowings and RM54.000 million was paid-out as dividend to our shareholders.

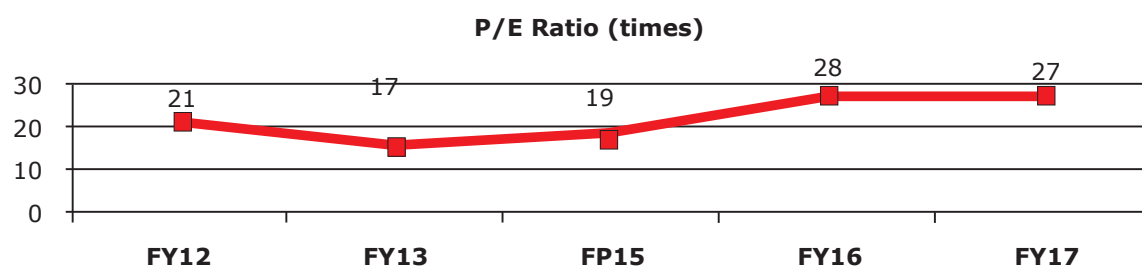
2.7 Debt-to-Equity Ratio

The Group's debt-to-equity ratio increased from 51% to 60% during the year, mainly contributed by the increase in borrowings for the new passport projects.

2.8 Earnings per share



2.9 P/E Ratio



2.10 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 divided by the number of ordinary shares at the end of the financial year of 1.35 billion. Year-on-year, Datasonic's net assets per share has increased by 1.14 sen (+6.3%) from 18.18 sen in FY16 to 19.32 sen in FY17. Our net assets have increased in FY17 as compared to FY16 mainly due to capital investments for the passport projects which commenced in FY17.

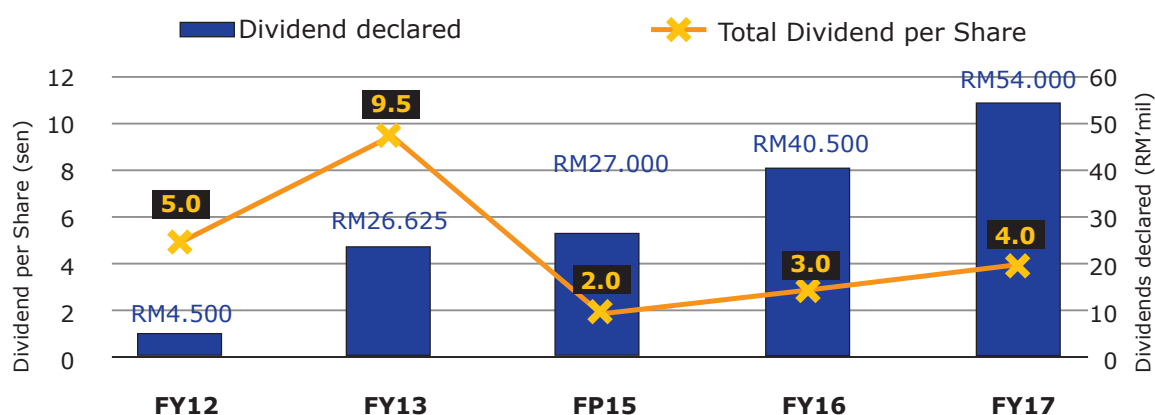
MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

2. REVIEW OF OUR FINANCIAL RESULTS (CONT'D)

2.11 Dividend

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

Our dividend trend is as follows:

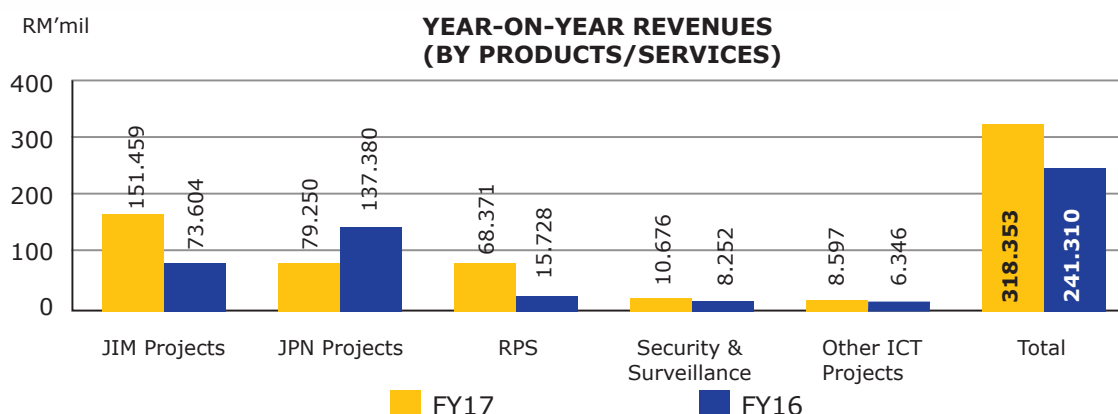


In respect of	Declared on	Description*	Dividend per share	Dividend declared	Paid on
FY12	28.02.2013	1 st Interim	5.0 sen	RM4.500mil	15.05.2013
FY13	30.08.2013	1 st Interim	7.5 sen	RM10.125mil	29.11.2013
	28.02.2014	2 nd Interim	2.0 sen	RM13.500mil	28.05.2014
FP15	29.08.2014	1 st Interim	1.0 sen	RM13.500mil	07.11.2014
	29.05.2015	2 nd Interim	1.0 sen	RM13.500mil	25.06.2015
FY16	27.11.2015	1 st Interim	1.0 sen	RM13.500mil	28.12.2015
	26.02.2016	2 nd Interim	1.0 sen	RM13.500mil	12.04.2016
	27.05.2016	3 rd Interim	1.0 sen	RM13.500mil	24.06.2016
FY17	26.08.2016	1 st Interim	1.0 sen	RM13.500mil	28.09.2016
	25.11.2016	2 nd Interim	1.0 sen	RM13.500mil	13.01.2017
	27.02.2017	3 rd Interim	0.5 sen	RM6.750mil	21.04.2017
	25.05.2017	4 th Interim	1.5 sen	RM20.250mil	20.06.2017

* Single-tier tax exempt dividend

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

3. REVIEW OF OUR OPERATING ACTIVITIES



3.1 The Operating Activities of the Customised Smart Card Solutions ("CSCS") Segment

The CSCS Segment is primarily involved in the personalisation of secured identity and smart card solutions.

Year-on-year, total revenues have increased by RM77.043 million mainly due to increase in revenue contribution by JIM Projects and RPS division.

In FY17, our revenue was derived primarily from the personalisation of Malaysian passports for JIM ("Jabatan Imigresen Malaysia"). Revenues from JIM has increased as compared to FY16 mainly due to revenues from the new contracts which commenced in 2016, namely the supply of passport chips and passport documents (booklets) in addition to the existing 5-year contract for the supply of 10 million unit passport datapages and personalisation of passports which commenced since 2013.

Our revenues from the personalisation of national identity cards at JPN ("Jabatan Pendaftaran Negara") includes the supply of raw MyKad cards (with chips), MyKad consumables, site preparation and provision of maintenance and technical support services at JPN's sites/branches, Urban Transformation Centres and/or JPN's Distributed Printing centres. Year-on-year, revenues from JPN Projects have reduced mainly due to lower orders for the MyKad cards and MyKad consumables in FY17 as compared to FY16.

Our RPS ("Regional Personalisation Services") division under the CSCS Segment operates one of the largest (25,000 sq. ft.) card services bureaus in Southeast Asia. In FY17, total revenues from the RPS division exceeded the FY16 revenue by more than 4 times, mainly due to the increased quantity of financial cards supplied to commercial banks and/or higher volume of debit cards personalised in line with the requirement of Bank Negara Malaysia (Central Bank of Malaysia) for the migration of the PMPC (Payment Multi-Purpose Card) to the MCCS (Malaysian Chip Card Standard) cards. However, the gross profit margin from the RPS division has reduced on year-on-year basis mainly due to lower profit margins from the sale of cards i.e. lower selling price resulting from price competition with other industry players.

Year-on-year, our Security & Surveillance division recorded increase in revenue due to recognition of implementation revenue upon completion of the of Phase 4 of CCTV solutions for Majlis Bandaraya Pulau Pinang in FY17.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

3. REVIEW OF OUR OPERATING ACTIVITIES (CONT'D)

3.2 The Operating Activities of the Manufacturing ("MA") Segment

The MA Segment is primarily involved in the manufacturing of smart cards (namely the MyKad, membership/ loyalty cards and insurance cards). The MA Segment operates 2 manufacturing centres (i.e. in Port Klang and Petaling Jaya.) Total segmental revenue for the MA Segment has reduced by RM5.508 million due mainly to lower quantities of MyKad produced, in line with the reduced orders from JPN. Accordingly, staff costs have also reduced by RM1.035 million (FY17: RM2.871 million vs. FY16: RM3.906 million) mainly due to the secondment of employees from the MA Segment to the CSCS Segment to support the new JIM projects (namely the contracts for the supply of passport chips and datapages).

3.3 The Operating Activities of the Investment Holding ("IH") Segment

The IH Segment is principally involved in investment holding and provision of management services for the companies within the Datasonic Group of companies. In FY17, total inter segment revenue for the IH Segment has increased by RM10.436 million from RM55.932 million to RM66.368 million due to increase in dividend income.

3.4 Corporate Developments

The corporate developments which occurred during FY17:

- 1) In September 2016, Datasonic Manufacturing Sdn Bhd ("DMSB") became a wholly-owned subsidiary of the Group upon acquisition of the remaining 0.55% equity stake from the minority shareholder. In FY17, the operations of DMSB was streamlined to reduce the operating costs for the manufacturing of smart cards.
- 2) In October 2016, the Group incorporated a wholly-owned subsidiary known as Datasonic International Sdn Bhd ("DINT") to undertake and pursue business development and overseas ventures. In FY17, DINT was dormant.

3.5 Commitment to Quality and Excellence

In our continuous pursuit of commitment for quality and excellence, the Group attained additional ISO certifications from Lloyd's Register Quality Assurance Ltd ("LRQA"), namely:

- 1) In January 2017, the existing ISO 9001:2008 certification awarded to Datasonic Manufacturing Sdn Bhd ("DMSB") was upgraded to ISO 9001:2015, a Quality Management System of international standards for the manufacturing of printed cards and smart cards for commercial, financial and government sector.
- 2) In April 2017, DMSB was awarded with another ISO/IEC 27001:2013 certification for the provision of information security covering the facilities in the manufacturing plant.
- 3) In April 2017, Datasonic Group Berhad was awarded with ISO 9001:2015 certification for the provision of management support services (Finance, Human Resource, Procurement, Administration and Management Information System) to Datasonic Group of companies.
- 4) In July 2017, Datasonic Corporation Sdn Bhd ("DCSB") was awarded with ISO 9001:2015 certification for the sales and personalisation solutions of chip-based smart card.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

3. REVIEW OF OUR OPERATING ACTIVITIES (CONT'D)

3.6 Other accolades and/or recognitions

- 1) The Maybank Express Debit Card Replacement (i.e. Datasonic's kiosk solution) was certified by *Bank Negara Malaysia* (Central Bank of Malaysia) as the first in Malaysia with the ability to replace ATM (auto-teller machine)/ debit card to the new MCCS debit card in less than 60 seconds.
- 2) Maybank was highly commended with "Excellence in Service Innovation (Cards, Maybank Express Debit Card replacement)" at the 8th RBI Asia Trailblazer Awards 2017 for using Datasonic's kiosk solution.

4. RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The key anticipated or known risks that the Group is exposed to are as follows:-

1) Unwarranted and un-researched adverse media comments which affects Datasonic's market reputation/ image

Being the pioneer and leading solutions provider in the market, we have established our proven track records in the smart ID industry and will continue to enhance the quality and standards of our products and services. With this, we hope to build barriers of entry that will remain as our competitive strength and advantage to stay ahead of the competition. Nevertheless, the Group was exposed to numerous operational challenges including rumours brought about by unwarranted and un-researched adverse media comments. To mitigate the short-term impact, the Group attended to various stakeholder meetings to provide proof that Datasonic has met the customer's quality and deliverables as committed by the Group.

2) Dependency on our major customers

A significant portion of our revenues continues to be derived from JPN and JIM contracts. Although this may be as risky and while we understand that any adverse development in the political environment could possibly affect the smartcard industry or our business as a whole, we continue to embark on our core competencies and strategy to deliver cheaper and better integrated system and solutions to maximise the value and returns to our existing customers and prospects. This strategy is intended to build our customers' confidence based on our core competency to improve public delivery services besides enabling Datasonic to achieve greater market penetration through expansion of our portfolio to include other Malaysian government ministries or agencies as well as non-governmental sectors in Malaysia and overseas.

3) Rapid changes in technology and ever evolving industry standards

As technology advances, we continue to invest in human capital development as well as foster synergistic collaborations with various local and foreign business partners to keep pace with the technological advancement. Through these strategies, we encourage value creation through R&D and innovation in accordance with our business strategy, thus improving our product portfolio to create barriers of entry and products with higher quality standards.

**MANAGEMENT DISCUSSION
& ANALYSIS (CONT'D)****5. FORWARD-LOOKING STATEMENT**

In view of the ever-increasing security threats across the region, there is increased concern, demand and expectation for more advanced, highly secured security systems and solutions, wherein we have rightfully positioned ourselves to safeguard our nation and borders from such threats. Accordingly, we continue to strive for growth and new revenue streams from the provision of our secure ID, large-scale ICT solutions and security and surveillance system solutions and services to various governmental and private sectors.

With strong foundation and over two decades of experience in the industry, we continue to embark on our journey to penetrate into new markets, both locally and overseas, by offering greater range of large-scale, integrated, higher value secure ID products and software services and security system solutions for the industry to harness continuous growth, profitability and sustainability of Datasonic.

The Board and management of Datasonic is cautiously optimistic on our outlook and future prospects as we are expected to continue to deliver reasonable profits based on our existing order book.

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 619 employees nationwide. As at the financial year ended 31 March 2017, the Gender Composition and Age Group of the employees are as follows:-

Gender	Number	Percentage
Male	390	63
Female	229	37
Grand Total	619	100

Age Group	Male	Female
20 years	12	6
20 – 29 years	166	97
30 – 39 years	129	87
40 – 49 years	51	26
50 – 59 years	20	10
60 years and above	12	3
Grand Total	390	229

The Group's corporate philosophy placed great importance to development of human capital and encourages the continuous process of self-improvement. Employees at all times are encouraged to participate in any relevant courses, seminars, conferences and training sessions to improve their levels of knowledge and skills. The employees who have attended external trainings and seminars are encouraged to train their fellow employees and peers.

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

CORPORATE RESPONSIBILITY (CONT'D)

Marketplace

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 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 	Improve long-term returns to shareholders and investors Exercise of governance responsibilities
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 	Career development and employee retention Occupational safety and health
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 is one of the main smart card solutions provider in Malaysia. The Group's business revolves around the provision of total information and communications technology (ICT) solutions. Consistent incorporation of the latest technological advancement in its products offering has distinguished the Group from its peers.

CORPORATE RESPONSIBILITY (CONT'D)

The Group has undertaken various key initiatives to ensure that our products and services meet the stringent contractual requirements and performance standards expected by our customers. These include but is not limited to:-

- The supply of National Identity (MyKad) cards and Malaysian passports that meet the international standards of quality and assurance;
- The production and delivery of goods and/or services in accordance with the expected delivery schedules;
- Maintaining low rejection rates during personalisation of MyKad cards and Malaysian passports; and
- Meeting the Service Level Agreement, e.g. timely response to resolve logs or technical issues lodged by the customers, timely replacement of spare parts and/or ensuring minimum systems down-time through periodical maintenance.

The Group continues to improvise 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. In order to ensure that we have an inclusive and safe society, the Group empower all our business and functional units to regularly engage with their respective stakeholders so that key risks and issues impacting our stakeholders are promptly addressed in our practices and business strategies.

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.

In March 2017, the Company had gained certification to the ISO 9001:2015 in respect of the provisioning of management support services (Finance, Human Resources, Procurement, Administration and Management Information System) to Datasonic Group of Companies.

Environment



The Group promote responsible environmental protection among the employees and stakeholders by supporting the Government's efforts in formulating appropriate climate change policies for Malaysia. The Group is mindful that responsible environmental protection entails more than the "3R" (Reduce-Recycle-Reuse) efforts.

The Group strive to reduce any impact of our operations on the environment by:-

1. Proposing to our customers environmental-friendly solutions, which include the sales of:-
 - i) Environmental-friendly ID card personalisation solutions (e.g. Colour card laser printers, payment kiosks and/or teller machines) that are relatively more cost efficient and emits lower chemical/toner dust output than traditional inkjet printers;
 - ii) Biometric access solutions (e.g. iris/finger/facial recognition, etc.) to replace the usage of manual printed access cards; and
 - iii) ICT solutions that offer web-based storage and management of information.

CORPORATE RESPONSIBILITY (CONT'D)

2. Managing energy, waste and water in an environmentally-friendly, socially responsible and economically viable manner, where possible, such as:-
 - i) The Group is committed to provide a safe and healthful environment for its employees. The Procurement Department works to encourage the use of products that minimise adverse environmental and health effects and take into consideration costs associated with the full product life cycles;
 - ii) Reducing energy consumption by switching off the lights and/or setting office equipment on 'standby' mode when not in use;
 - iii) Replacing office fittings and/or office equipment with energy-efficient solutions at our office premises, where possible;
 - iv) Reusing/recycling paper and printer toners/cartridges, where possible; and
 - v) Reducing paper consumption through the use of online or web-based systems.

3. Managing office safety hazards:-
 - i) Having policies and procedures to promote workplace health and safety and/or to reduce accident/injury rates that could affect work performance;
 - ii) Ensuring that security at our card manufacturing plants are maintained strictly at all times (e.g. through perimeter fencing, CCTV surveillance, security guards, use of safety locks, etc.) due to the need to prevent unauthorized thefts or access during the production and/or personalization of ID cards (failing which could be detrimental or become a threat to national security);
 - iii) Ensuring that our premises are equipped with relevant fittings in case of fire e.g. fire-proof doors, fire alarms, fire extinguishers, etc.; and
 - iv) Conduct of periodical fire drill exercises (at least twice per annum per location).

Social

The Group interact and collaborate with our stakeholders in making a positive impact on our communities by investing in Corporate Social Responsibility ("CSR") initiatives that would indirectly contribute to the social well-being and development of the Malaysian society.

In keeping with the Group's CSR, the Group has been providing assistance to support the charitable intentions of non-profit organisations and continue to support the CSR initiatives of Datasonic Foundation, the Group's charitable arm.

The Group encourage and financially support our employees in volunteering to help the underprivileged and the deserving in our community.

During the year, Datasonic Foundation has supported the "Care2Run (Cohort 5.0)", a 10-weeks Program under Project H.O.P.E. (Healing Opportunities for People Everywhere) that organised by Wildpac Asia PLT.

CORPORATE RESPONSIBILITY (CONT'D)

As an extension to Care2Run (Cohort 2.0) Program which was held from January to April 2016, the Care2Run (Cohort 5.0) Program was held from 23 July 2016 to 3 December 2016, as follows:-

Session	Held on	Venue
1	23 July 2016	Sekolah Menengah Kebangsaan Kelana Jaya
3	6 August 2016	
4	13 August 2016	
5	20 August 2016	
6	27 August 2016	
7	3 September 2016	
8	24 September 2016	
9	8 October 2016	
2	30 July 2016	University Malaya
10	3 December 2016	



Care2Run was part of Datasonic Foundation's initiative to do something more, and make a difference in the lives of others, whereby a diverse team of ordinary working professionals come together as volunteers to inspire Malaysian underprivileged youth through sports and personal development. Datasonic Foundation's goal has been to spark youngsters (youths aged 8 – 24 years) through participation in sports to:-

- ✓ Instill positive behaviour among youngsters through innovative value-based mentoring sports program which motivates them to perform better at school and at home.
- ✓ Create opportunities for community service.
- ✓ Nurture lifelong love for sports to minimise communicable diseases, to reduce growing morbidity and disability.

Beneficiaries include young adults and children from diverse background (including those with learning disabilities) from Women Aid Organization, Sekolah Menengah Kebangsaan ("SMK") Sri Permata and SMK Kelana Jaya.

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 together with recommendations as applicable and minutes are tabled at the Board meetings.

In May 2016, the Terms of References of the Audit Committee and Nomination Committee were reviewed and revised to reflect the amendments to the Main Market Listing Requirements of Bursa Malaysia in March 2016.

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;

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

1.2 Clear roles and responsibilities (Cont'd)

The Board assumes, amongst others, the following significant responsibilities:- (cont'd)

- 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.

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 Board reviewed and discussed reports submitted 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. During the year, the Board reviewed and assessed various overseas investment proposals as part of the Group's strategic plan for expansion into foreign markets. 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.

The Board recognises the importance of identifying and retaining talent as the key to the Group continued growth and success. In May 2016, the Board had adopted the Succession Planning Guidelines of the Group. The Guidelines are intended to provide a general method to help the Group develop and implement its own succession planning process. The Guidelines are to ensure continuity of key management positions that exert critical influence on organisational activities, either operationally, strategically or both.

In May 2017, the Board established the Shareholders Communication Policy which sets out the standards and requirements of the Company in relation to the shareholders' communications, with the objective of ensuring fair, timely, effective, transparent, accurate and open communications with the shareholders of the Company. The Shareholders Communication Policy is made available for reference on the Company's website at www.datasonic.com.my.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

1.2 Clear roles and responsibilities (Cont'd)

Information is communicated to the Shareholders mainly through the Company's annual reports, quarterly financial reports, annual general meetings and other extraordinary general meetings that may be convened, as well as by way of disclosures made to Bursa Malaysia Securities Berhad ("Bursa Malaysia") and other corporate publications on the Company's website.

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 Employee Handbook was revised on 1 July 2016 with changes incorporated in respect of medical coverage, group hospitalisation and surgical insurances, business related traveling allowances and training and development.

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.

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 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

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 and to enable them to make informed decisions. The Board also has direct communication channels with the External Auditors, Internal Auditors and Board Committees.

Additionally, the Board members collectively and individually may seek 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 the Managing Director.

Draft agendas for the Board and Board Committee meetings are circulated to the Chairmen of the Board and Board Committees respectively, in advance, for them to review and suggest items for the agenda.

The notice of meetings and meeting documents with the relevant and adequate information are distributed 7 days and 4 days respectively 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 has attended the relevant Continuing Professional Development programmes organised by the regulators and other recognised training providers to maintain, enhance and continuous improvement of knowledge, skills and abilities.

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, 2016 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

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 was adopted and last reviewed on 29 May 2013. The Board Charter will be reviewed in near future to be in line with the new MCG 2017.

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

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

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

The members of the Nomination Committee and the details of their attendance at the Nomination Committee meeting held are as follows:-

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

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.

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

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 Nomination Committee interviews shortlisted candidates before formally considering and recommending them for appointment to the Board.

In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; the composition requirements for the Board and Board Committees; the candidate's gender, skills, competencies, expertise, experience and background; and any competing time commitments if the candidate has multiple Board representations and/or other principal commitments.

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 2017, 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 2017, 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 the rating ranging from the lowest of 4.15 points to the highest of 4.79 points, 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

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

In May 2017, 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; legal; and Shariah knowledge. This provides a collective range of skills, expertise and experience which is vital for the successful direction of the Group.

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

In May 2017, the Board adopted the Gender Diversity Policy. The Group acknowledges and recognises the benefits arising from the boardroom and workforce diversity, including enhancing the Group's performance, improving efficiency and employee retention. Gender diversity includes, but is not limited to, gender, age, ethnicity, culture and socio-economic backgrounds.

The Board, through the Nomination Committee, will take steps to ensure that women candidates are also sought as part of its recruitment exercise. Presently, the number of female Directors on the Board is 2, representing approximately 14% of the total Board composition.

The Gender Diversity Policy is available for reference on the Company's website at www.datasonic.com.my.

2.3 Remuneration policies and procedures

The Remuneration Committee comprises 3 members, of which 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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration policies and procedures (Cont'd)

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

- a) To establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel.
- b) 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.
- c) 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.
- d) To review and recommend the fees for Non-Executive Directors to the Board.

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 attendance of such meetings.

In February 2017, the Remuneration Committee reviewed and recommended to the Board for approval the Remuneration Framework of the Company. The Remuneration Framework is designed to increase the motivation level and productivity of the Group's employees and ensures that the salary levels are commensurate to the individual staff's performance level. As a general principle, the remuneration of Directors and Key Management Staff (i.e. Directors of the subsidiary companies, Chief Operating Officer and Heads of Departments) should be linked to their level of responsibilities and how well these responsibilities have been discharged by them. The Board approved the Remuneration Framework based on the Remuneration Committee's recommendation.

Section 230(1) of the Companies Act 2016, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In May 2017, the Remuneration Committee had conducted a review of the Directors' fees payable to the Non-Executive Directors to determine the competitiveness of the Non-Executive Directors' remuneration having regard to the level of responsibility, expertise and time commitment required from the Non-Executive Directors, the Company's size, industry segment and complexity of operations.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration policies and procedures (Cont'd)

The proposed increase of Directors' fees also takes into account any future increases in Non-Executive Directors, increase in the number of Non-Executive Directors serving the Board Committees or the introduction of new Board Committees requiring the participation of Non-Executive Directors or the appointment of new women Non-Executive Directors in line with the Government's policy on gender diversity.

The Remuneration Committee also reviewed the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from 1 April 2017 until the next Annual General Meeting of the Company. The proposed Directors' benefits payable to the Non-Executive Directors of the Company comprise of meeting attendance allowance and other benefits.

The Board subsequently approved the Remuneration Committee's recommendation for the Company to seek the shareholders' approval at the Ninth Annual General Meeting for the increase of the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from 1 April 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears; and the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from 1 April 2017 until the next Annual General Meeting of the Company.

In May 2017, the Remuneration Committee reviewed the proposed bonus and salary increment for the Managing Director, Deputy Managing Director and the Executive Directors and Senior Management of the Group. The key factors used in determining the distribution of bonus and salary increment were the performance, work commitments and business performance of the Group in terms of profit contributions.

The aggregate amounts of emoluments received and receivable by Directors of the Company and its subsidiary companies for the financial year ended 31 March 2017 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries & Bonus	4,488	-
Fees and allowances		
- Company	-	609
- Subsidiary companies	-	117

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	-	5
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	3	-
RM150,001 to RM200,000	3	1
RM200,001 to RM250,000	4	-
RM250,001 to RM300,000	2	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	2	-
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	1	-
Total	17	10

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

In April 2017, each of the Independent Director was given and completed the Letter of Confirmation of Director's Independence as part of the annual assessment of independence.

The Board through the Nomination Committee undertook the independence assessment of all its Independent Directors. The Nomination Committee and the Board are satisfied with the level of independence demonstrated by all the Independent Directors, their ability to act in the best interest of the Company and meet the independence criteria prescribed by the MMLR of Bursa Malaysia.

3.2 Tenure of Independent Directors

All the existing Independent Directors of the Company have served the Board for less than 9 years.

3.3 Shareholders' approval for retention of Independent Director after a tenure of 9 years

None of the Independent Directors of the Company have served the Board for 9 years. Hence, no shareholders' approval will be sought for this purpose at the forthcoming Annual General Meeting.

3.4 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.

3.5 Composition of the Board

As at the date of this statement, the Board comprises 14 members, 6 of whom are Independent Non-Executive Directors, 7 are Executive Directors and 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. The Board will review its composition and size from time to time.

A brief profile of each Director is presented on pages 07 to 013 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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 2017 are set out below:-

Directors	Number of Meetings attended
Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B) (Chairman)	5/5
Dato' Wan Mohd Safiain bin Wan Hasan	5/5
Datuk Haji Abu Hanifah bin Noordin	5/5
Mr. Chew Ben Ben	5/5
Encik Handrianov Putra bin Abu Hanifah	5/5
Encik Md Diah bin Ramli	5/5
Encik Mohamed Zulkhornain bin Ab Ranee	4/5
Mr. Raghbir Singh a/l Hari Singh	5/5
Puan Talya Zholeikha binti Abu Hanifah	5/5
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	4/5
Cik Safia Zuleira binti Abu Hanifah	4/5
Dato' Wan Ibrahim bin Wan Ahmad	4/5
Mr. Yee Kim Shing @ Yew Kim Sing	5/5
Dato' Zaiful Ayu Ibrahim bin Ibrahim	5/5

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 at every Board meeting. The Directors are also expected to comply with Paragraph 15.06 of the MMLR of Bursa Malaysia on the maximum number of 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.

The Directors are also required to notify the Chairman before accepting any new directorship and shall include an indication of time that will be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training

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

The Board through the Nomination Committee evaluated and assessed the training needs of the Board members and also recommended the type 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.

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

The Nomination Committee reviewed the training programmes attended by the Directors during the financial year under review. The various 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 (B)	<ul style="list-style-type: none">- Companies Bill, 2015 27 July 2016- Sustainability Forum for Directors/CEOs: "The Velocity of Global Change & Sustainability – The New Business Model" 10 January 2017
Dato' Wan Mohd Safiain bin Wan Hasan	<ul style="list-style-type: none">- Sustainability Engagement Series for Directors/ Chief Executive Officers 1 June 2016- Companies Bill, 2015 27 July 2016
Datuk Haji Abu Hanifah bin Noordin	<ul style="list-style-type: none">- Companies Bill, 2015 27 July 2016
Mr. Chew Ben Ben	<ul style="list-style-type: none">- Companies Bill, 2015 27 July 2016
Encik Handrianov Putra bin Abu Hanifah	<ul style="list-style-type: none">- Companies Bill, 2015 27 July 2016

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Directors	Training Programmes/ Seminars/ Conference
Encik Md Diah bin Ramli	<ul style="list-style-type: none"> - 2016 Asia Pacific & Greater China Partner Conference – Discover The Next (Chiang Mai, Thailand) 25-28 April 2016 - 2016 Matica Partner Meeting: Identifying the future together (Bangkok, Thailand) 11 May 2016 - Seminar Pengurusan Aduan 2016 Biro Pengaduan Awan Jabatan Perdana Menteri 17 May 2016 - Companies Bill, 2015 27 July 2016 - Seminar Integriti kontraktor Industri Pembinaan Bil 3/2016 4 August 2016 - Seminar Transformasi Industri Pembinaan 2016 29 September 2016
Encik Mohamed Zulkhornain bin Ab Ranee	<ul style="list-style-type: none"> - Companies Bill, 2015 27 July 2016
Mr. Raghbir Singh a/l Hari Singh	<ul style="list-style-type: none"> - 2016 Asia Pacific & Greater China Partner Conference – Discover The Next (Chiang Mai, Thailand) 25-28 April 2016 - 2016 Matica Partner Meeting: Identifying the future together (Bangkok, Thailand) 11 May 2016 - Companies Bill, 2015 27 July 2016
Puan Talya Zholeikha binti Abu Hanifah	<ul style="list-style-type: none"> - Certificate in Talent, Competency & Succession Management 30 May 2016 – 1 June 2016 - Companies Bill, 2015 27 July 2016 - Process & Procedures of Tax imposed on Foreign Knowledge by MSC Malaysia Status & ICT Sector Companies 9 November 2016 - HRDF Conference & Exhibition 2016 6 – 7 December 2016

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Directors	Training Programmes/ Seminars/ Conference
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	- Companies Bill, 2015 27 July 2016
Cik Safia Zuleira binti Abu Hanifah	- Companies Bill, 2015 27 July 2016
Dato' Wan Ibrahim bin Wan Ahmad	- Sustainability Engagement Series for Directors/ Chief Executive Officers 1 June 2016 - Companies Bill, 2015 27 July 2016
Mr. Yee Kim Shing @ Yew Kim Sing	- Companies Bill, 2015 27 July 2016
Dato' Zaiful Ayu Ibrahim bin Ibrahim	- Sustainability Engagement Series for Directors/ Chief Executive Officers 1 June 2016 - Companies Bill, 2015 27 July 2016

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 audited financial statements of the Company and of the Group, quarterly management report and accounts and quarterly financial results to Bursa Malaysia, Chairman's Statement and Management Discussion and Analysis in the Annual Report.

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 year 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 May 2017, based on the recommendation of the Audit Committee, the Board adopted the External Auditors Assessment Policy. The annual evaluation of the External Auditors provide the Audit Committee with a disciplined approach for maintaining effective oversight of the External Auditors' performance. The objective of this External Auditors Assessment Policy is to outline the guidelines and procedures for the Audit Committee to review, assess and monitor the External Auditors.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

5.2 Assessment of Suitability and Independence of External Auditors (Cont'd)

The External Auditors Assessment Policy is available for reference on the Company's website at www.datasonic.com.my.

In this regard, the Audit Committee had assessed the performance, suitability 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 Company to seek the Shareholders' approval for the re-appointment of Messrs Crowe Horwath as External Auditors of the Company at the forthcoming 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.

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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

7.1 Appropriate corporate disclosure policies and procedures (Cont'd)

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.

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 at www.datasonic.com.my 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, Shareholders Communication Policy, Gender Diversity Policy and External Auditors Assessment Policy. The Company has continuously leveraged on information technology for broader and effective dissemination of information to the shareholders and investors.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 Encourage shareholders participation at general meetings

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

8.2 Poll Voting

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.

The Company had conducted voting through electronic polling for all the resolutions set out in the Notice of Annual General Meeting at the Eighth Annual General Meeting held on 27 July 2016. The Company had appointed Boardroom Business Solution Sdn Bhd to perform scrutineering services and to validate the votes casted at the Eighth Annual General Meeting.

The results of the poll were announced to Bursa Malaysia on the same day after the Eighth Annual General Meeting is held. The summary of key matters discussed at the Annual General Meeting was published on the Company's website at www.datasonic.com.my.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

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.

The Company encourages Shareholders to participate in Shareholders' meetings or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

Notices of general meetings, annual reports and the accompanying documents are provided within a prescribed time prior to the meetings on the website of the Company and via Bursa Malaysia, and also given to Shareholders in hard copy or electronic form.

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 25 May 2017.

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 2017 which provides insights into the manner in which the Audit Committee discharged its functions, roles and responsibilities for the Company during the 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 paragraphs 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 2017 and the attendance of the members was as follows:-

Audit Committee Members	Designation	Numbers of meetings attended
Mr. Yee Kim Shing @ Yew Kim Sing	Chairman, Independent Non-Executive Director	4/4
Dato' Wan Mohd Safiain 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, Internal Auditors 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 deliberation, decisions and resolutions on the matters brought up in the meetings are properly maintained by the Company Secretary.

In May 2017, the Nomination Committee reviewed the terms 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 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 (CONT'D)

THE PROCESS 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 Reports 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 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 August 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 2017

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, 2016.
 - ii. Key audit matters are properly presented in the auditors' report based on auditors' professional judgement and these matters are most significance in their audit of the financial statements of the Group and of the Company for the current financial year.
 - 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 (CONT'D)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

1. Financial Reporting (Cont'd)

- b. Reviewed and discussed the quarterly Management Reports 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 Assistant Financial Controller or Senior Accountant attended all Audit Committee meetings held throughout the financial year and 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 documentation as evidence in support of the recoverability and fair valuation of major assets pertaining to project-in-progress, accrued income, development expenditures, PPE, trade receivables and other receivables.

2. External Auditors

- a. In February 2017, reviewed and discussed the Audit Planning Memorandum of the External Auditors for the financial year ended 31 March 2017. This covers the audit approach, areas of audit emphasis, significant events during the year, communication with Management and Audit Committee, engagement team, reporting and deliverables, proposed audit fees and the updates of accounting standards as well as other regulatory bodies of significance, as appropriate.
- b. In May 2017, 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, significant deficiencies in internal controls, status of audit, independence, communication with Audit Committee on major issues, summary of unadjusted differences and the expected opinion to be rendered by the auditors.
- c. In May 2017, the Audit Committee had approved the External Auditors Assessment Policy which formally outlined the disciplined approach and procedures undertaken by the Audit Committee in maintaining effective oversight of the External Auditors' responsibilities, performance and competencies on an annual basis.

AUDIT COMMITTEE REPORT (CONT'D)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. External Auditors (Cont'd)

- d. In February and May 2017, the Audit Committee undertook an annual assessment on the performance and independence of the External Auditors for the financial year ended 31 March 2017 with the assistance of the Chief Financial Officer and Management in accordance with the External Auditors Assessment Policy of the Group which was adopted in May 2017.

A questionnaires checklist was used to outline the minimum performance assessment procedures on the external audit function and to derive to the decision whether to recommend the External Auditors for re-appointment. Input and feedback were also obtained from the personnel who had substantial contact and communication with the External Auditors throughout the financial year for assessing the quality of services rendered to the Group.

The assessment and evaluation process covered the following areas:-

i. Independence and objectivity

- (a) Reviewed and discussed on the question of professional independence of the External Auditors for the financial year ended 31 March 2017 which amongst others include the assessment on the:-
- External auditors firm and key individuals assigned in the external audit team to ensure the independence and objectivity in fact and appearance;
 - The term of audit partner and rotation requirements to minimise the familiarity threat;
 - Measures to keep track of evolving standards and best practices in areas relating to independence and ethical rules to ensure continuous compliance;
 - A list of non-audit services by External Auditors and the related fees and / or as a percentage of audit fee to protect against any impairment to independence and objectivity.
- (b) In February and May 2017, the External Auditors had provided a written assurance to the Audit Committee that their independence and ethical responsibilities were in accordance with the *By-Laws (on Professional, Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code").

AUDIT COMMITTEE REPORT (CONT'D)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. External Auditors (Cont'd)

d. i. Independence and objectivity (Cont'd)

- (c) 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 2017 were in respect of tax compliance services, tax advisory services, transfer pricing service and the annual review on the Statement on Internal Control and Risk Management.

The Group has incurred a total of approximately RM137,400 for non-audit services representing around 44% 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. Performance, suitability and competencies

- (a) The Audit Committee had assessed and evaluated the performance, suitability and competencies of the External Auditors based on the following guidelines:-
- Calibre of the external audit firm of international status, size and resources to audit the company;
 - Quality of processes and performance audit which covered quality control and review procedures, the approach to seek and assess management representations, the approach to audit judgments and understanding of key issues, the bases and extent of reliance external auditors place on management and internal audit, if any as well as the performance targets' achievement (i.e. audit scopes, audit plan, timing, etc.);
 - 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;
 - Adequacy and appropriateness of audit scopes and planning of work in line with the related risks;
 - Fairness and reasonableness of audit fees in line with the scopes and size of the audits;
 - Quality and timely communications of audit issues, recommendations and resolutions as well as professional relationship with the relevant personnel of the Company.

**AUDIT COMMITTEE
REPORT (CONT'D)****A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)****2. External Auditors (Cont'd)**

- d. Further, 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 Audit Committee was satisfied with the performance, suitability, competencies as well as the independence of Crowe Horwarth throughout the audit engagement for the financial year ended 31 March 2017. The outcome of the performance assessment supports the Audit Committee's recommendation to the Board for the re-appointment of Crowe Horwarth as the External Auditors of the Company for ensuing year.

The Board at its meeting in May 2017 was satisfied with Crowe Horwarth's performance based on the disciplined assessment procedures performed and reported by the Audit Committee. Subsequently, the Board had approved the Audit Committee's recommendation to re-appoint Messrs Crowe Horwarth, subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting.

- e. Reviewed and discussed 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 2017 issued by the Company in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.
- f. In February and May 2017, 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.

AUDIT COMMITTEE REPORT (CONT'D)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

3. Internal Auditors

- a. Reviewed and approved the Audit Planning Memorandum of the Internal Auditors for the working period from June 2017 to May 2018 in respect of the financial year ended 31 March 2018 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. The identified key audit areas were based on the identified key risks reported for financial year ended 31 March 2017 and covered the followings:-

- Procurement
- Human Resource
- Project Management
- Sales and Marketing
- Production Consumption and Monitoring (covering inventory management related processes)
- Quality Control and Quality Assurance of Production Outputs

- 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 Internal Audit Department for the financial year ended 31 March 2017 which were aligned to the approved Audit Planning Memorandum.

All Internal Audit reports were also presented and discussed at the Management Committee Meetings with a concentration on matters of disputable findings and audit recommendations / corrective measures for appropriate resolutions prior to the Audit Committee meetings.

- c. Reviewed the progress of the implementation of the corrective action plans committed by the Management for all key findings and recommendations highlighted in the previous Internal Audit Reports until the corrective actions were implemented appropriately and as committed. The relevant Management members were made responsible to ensure the committed corrective actions were implemented within the committed timelines.
- d. Reviewed the performance, progress and activities of the Internal Audit function 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, skills and competencies in regard to the Internal Audit's management.
 - iv. Significant matters/issues/challenges faced in the conduct of audit work with the proposal of resolutions.
 - v. The manhours and costs incurred by Internal Audit Department in discharging its roles and responsibilities.

AUDIT COMMITTEE REPORT (CONT'D)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

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 2015.

5. Corporate Governance and Compliance

- a. Reviewed and 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.

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.

The Internal Audit activities for the financial year ended 31 March 2017 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 personal 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).

AUDIT COMMITTEE REPORT (CONT'D)

B. INTERNAL AUDIT FUNCTION (CONT'D)

In order to determine the significant auditees and related auditable areas, Internal Audit had performed a high-level likelihood and consequence rating assessment on each identified risk factor from the abovementioned sources into the Likelihood and Consequence Matrix. The selected key audit areas for the financial year ended 31 March 2017 which constituted the subject matters of the audit work carried out by the Internal Audit were as follows:-

1. Project management (awarded projects) focusing on:-
 - a. Project costs monitoring and recording
 - b. Project progress reporting and communication
 - c. Adherence to the contracts' terms and conditions
2. Manufacturing and plant operations focusing on:-
 - a. Production consumptions and monitoring
 - b. Inventory management
 - c. Incident reporting
3. Accounting and finance focusing on fixed assets management related processes.
4. Human Resource Development focusing on training and development related processes.

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 2017 is amounted to approximately RM 271,000.

This Report was made in accordance with the resolution of the Board of Directors passed on 25 May 2017.

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 to safeguard shareholders' investment and the Company's assets. In recognition of this responsibility, the Board is pleased to provide this Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and as guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* ("Guidelines").

As Datasonic Group Berhad ("the Group") operates in a dynamic and cyclical business environment in which risk management and internal control system must be responsive to support its business objectives, the Board and Management uphold their ongoing commitment to embed and improve the risk management and internal control system into the culture, processes and structure of the Group. The efforts continued to evolve on a progressive basis during the financial year ended 31 March 2017 and up to date of approval of this Statement for inclusion into the Annual Report.

ROLES AND RESPONSIBILITIES

Board of Directors

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

The Board acknowledges the limitations that are inherent in any risk management and internal control system. As such the systems designed are meant to manage and 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.

Management Committee, led by the EXCO

The Executive Committee ("EXCO") which consists of the Managing Director and Deputy Managing Director provides oversight on risk management matters which include reviewing and recommending appropriate risk management strategies to ensure the significant business risks are adequately and effectively addressed by the Group.

The EXCO is assisted by the Risk Facilitators whose task are to:-

- i. Assist the Risk Owners to identify and gather significant risks on all aspects of the Company's business and related risk management measures for the consumption and/or approval of the Management Committee led by the EXCO at minimum on a half-yearly basis. The significant risks together with the attributable controls and action plans would subsequently be presented by the EXCO to the Board for its notation on a half-yearly basis in line with practices as prescribed in the Malaysian Code on Corporate Governance 2012.
- ii. Assist the owner of the business units in devising a more structured approach to risk identification, assessment, treatment and reporting to ensure adequate time is spent on risk management activities. This includes the assessment and evaluation on the key risks and categorize the risks according to the nature, report the outcome of the internal controls/appropriate mitigation measures taken to manage those risks and update the risks when due.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Audit Department

The internal audit function plays a role to provide some comfort to the Board on the adequacy and effectiveness of the risk management practices of the Group by adopting a risk-based approach and focusing on the key risks areas to determine the auditees and auditable areas. During the financial year ended 31 March 2017, 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. Additionally, the Audit Committee also reviewed the implementation progress of the corrective action plans committed by the Management for all key findings and recommendations highlighted in the previous Internal Audit Reports until the corrective actions were implemented appropriately and as committed. Minutes of the Audit Committee meetings which recorded these deliberations and decisions were subsequently presented to the Board for notation.

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 2017 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, Remuneration Committee and Procurement 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 Committees

i. Management Committee, led by the EXCO

The Management Committee comprises the Managing Director as the Chairman, Deputy Managing Director and Executive Directors 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Management Committees (Cont'd)

ii. *Management Procurement Committee*

The Management Procurement Committee ("MPC") which comprises Executive Directors and Management has been established in March 2017 to review, recommend and approve critical decisions involving investments, significant purchases, joint ventures, capital expenditures, and award of contracts. The review performed includes evaluating risks associated with those critical decisions and the reasonableness of the associated mitigating factors prior to approval.

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 have been 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.

Financial Authority Limits

The Group has established 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 the Management's decisions that made the Group's operations successful.

In February 2017, the Board has approved the revised FAL which includes additional delegation of responsibilities for various aspects of operations to the new and existing Board Committees as well as the Management team.

Group Project Planning and Management Office

As part of the key strategic initiatives, the Group has established the Project Planning and Management Office ("PPMO") as the focal contact between the Management Committee and the respective Project Directors and Project Managers. The main objectives of the PPMO 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Group Project Planning and Management Office (Cont'd)

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 solutions. 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 appointed Project Directors and Project Managers of the awarded projects and key potential projects to prepare Project Budgets to monitor and control the expenditures incurred for each project. The Project Budgets are reviewed 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 project financial performance throughout the project period is satisfactory.

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.

ISO Certifications

The Group have been awarded with the following ISO certifications by Lloyd's Register Quality Assurance during the financial year and up to the date of approval of this Statement for inclusion into the Annual Report:-

- i. Datasonic Manufacturing Sdn Bhd ("DMSB"): manufacturing plant based in Klang which undertakes the manufacturing of smart cards, printed cards and identification cards:-
 - a. In January 2017, the business unit has been upgraded from the ISO 9001:2008 certification to ISO 9001:2015 which applicable to the manufacturing of printed cards and smart cards for commercial, financial and government sector.
 - b. In April 2017, the business unit has been awarded the ISO/IEC 27001:2013 certification which applicable to the provision of information security covering the facilities in manufacturing plant.
- ii. Datasonic Group Berhad ("DGB"): In April 2017, has been awarded the ISO 9001:2015 which applicable to the provision of management support services (Finance, Human Resource, Procurement, Administration and Management Information System) to Datasonic Group of companies.

The implementation of the ISO certification will help to transform the Quality Management Systems of the applicable processes and departments/divisions into effective functional units that are of International Standards and aligned with the Group's objectives, besides creating a more conducive operating environment for the management and employees. The internal benefits gained continuously from the certifications granted will drive better financial results, hence creating more value for the business and stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

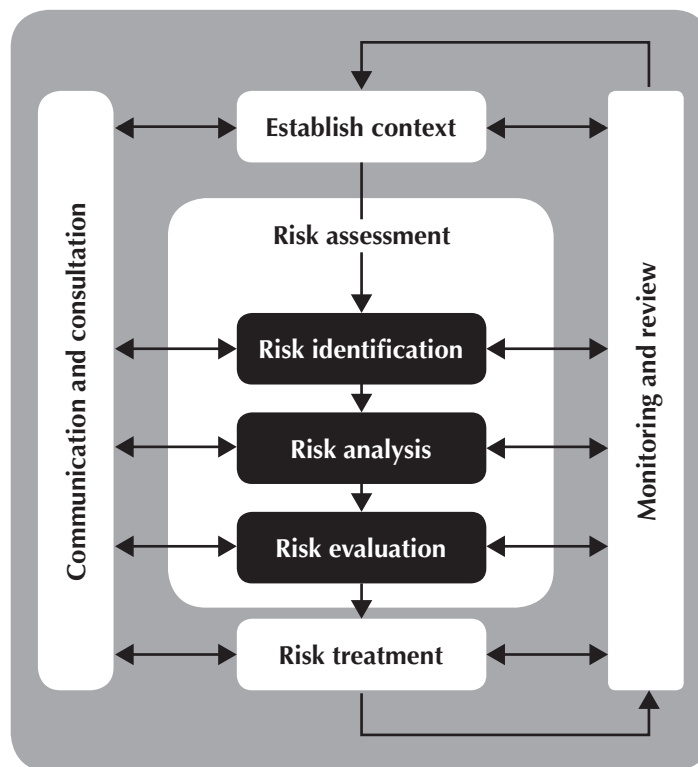
Group Disaster Recovery Plan

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 and Processes

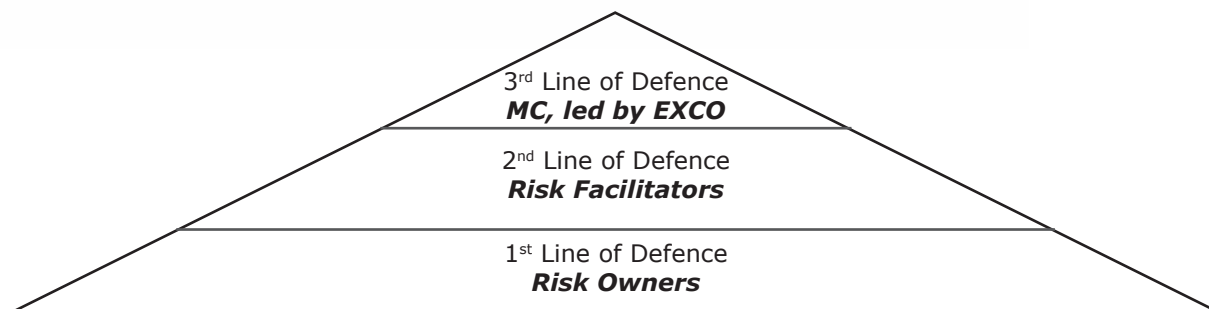
The Enterprise Risk Management Framework ("ERM Framework") was approved by the Board in February 2014. This ERM Framework aims to provide an integrated and organised approach to proactively identify, evaluate and manage the key risks. The risk management framework and methodology is compliant with and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



Additionally, the SOP governing risk management processes and reporting procedures have been established and approved by the EXCO to support and outline the policies and procedures for the implementation of the ERM Framework.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The risk governance structure of the Group comprising three lines of defence as depicted below:-



- i. The risk owners who are the first line of defence normally comprise of Business Units/Heads of Departments. They are responsible to perform the operational risk assessment, management, monitoring and reporting risk exposures in their areas/activities within their control to the Risk Facilitators on a half-yearly basis.
- ii. The Risk Facilitators who are the second line of defence are responsible to:-
 - a. Act as the central contact and guide for clarification of ERM issues within the Company.
 - b. Coordinate the risk management (and internal control) activities routinely among the various business units and/or support & admin. functions, including monitoring progress of risk mitigation plans, and supervises ERM policy implementation within the Company.
 - c. Maintain documentation of the ERM process, which includes the Risk Management Framework, the Risk Registers and risk profiles for Datasonic.
 - d. Establish a common risk management language that includes common measures around likelihood and consequences, and common risk categories as well as communicate ERM information within the Company to create risk awareness amongst the staff and arranges with the Human Resource Department to promote ERM throughout the entity, where necessary.
 - e. Facilitate the preparation of Risk Reports on periodical basis, namely half-yearly reporting to the Management Committee (on behalf of the Risk Owners and half-yearly reporting to the Board of Directors (on behalf of the Management Committee).
- iii. The third line of defence is provided by the Management Committee who is entrusted by the Board to overseeing the risk management activities of the Group and approving appropriate risk management procedures and measurement methodologies across the organisation to ensure the adequacy and reliability of risk management processes.

Within the framework and the SOP, there is an established procedures for the identification, analysis, evaluation, treatment, communication as well as monitoring and review of risks and risk mitigation strategies. Each risk identified is assessed by considering estimates of both likelihood and consequence or impact in the context of existing control measures, in order to arrive at residual risks and appropriate mitigation strategies. In brief, the risk management process carried out in the Group is summarized below:-

- a. Risk Assessment:-
 - i. Identify key risks and categorise according to the nature.
 - ii. Rate the risks according to the likelihood and consequence parameters.
- b. Report on the outcome of the internal controls/mitigation measures taken to manage those risks (accept/transfer).
- c. Update the Likelihood and Consequence based on the Residual Risks.
- d. Prepare action plan(s) and deadlines for resolution/review.
- e. Update the Risk Register and submit to the Risk Facilitators for review and reporting to the Management Committee and Board of Directors.
- f. Review and update the implementation progress of action plans committed to address the risks reported (when due).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

At minimum, strategic and operational risk assessment shall be formally conducted across the entire organisation on half-yearly basis, in conjunction with the corporate and business planning process. As and when necessary, the Company would also perform project risk assessments. Such risk assessments may be performed prior to launching of significant projects, such as new products, IT programs/services, outsourcing of core or material services or as and when required under any Acts, rules and regulations, etc. The project risk assessment may be performed either as a one-off instance, annually or when the project is due for renewal, depending on the circumstances and/or requirements.

Even though the formal risk management activities and reporting carried out in the Group are 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 2017 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 (CONT'D)

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 the design and/or effectiveness of controls 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 Team 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 2017 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.

CONCLUSION

The Board is of the view that the risk management and internal control system is satisfactory for the year under review, and up to the date of approval of this Statement and 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.

The Board has received assurance from the Management Committee (chaired by the Managing Director and Chief Financial Officer attended all of its meeting) that a process has been put in place to develop, nurture, maintain, assess, scrutinise and improvise on its internal control and risk management system and initiatives to uphold sustainability of the business and the integrity of the financial statements. To the best of Management Committee's knowledge, the Group's risk management and internal control system have been operating adequately and effectively, in all material aspects, based on the risk management and internal control of the Group.

This Statement is made in respect of the financial year ended 31 March 2017 and in accordance with resolution passed at the Board of Directors passed on 25 May 2017.

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 2017.

2. AUDIT AND NON-AUDIT SERVICES

The amount of audit and non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year ended 31 March 2017 by the external auditors or a firm or corporation affiliated to the auditors' firm were as follows:-

	the Group RM	the Company RM
Audit Fees	175,400	40,000
Non-audit fees	137,400	96,500
Total	312,800	136,500

3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS

Except for the disclosure in Note 41 to the audited financial statements for the financial year ended 31 March 2017, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the Directors and Major Shareholders, either still subsisting at the end of the financial year ended 31 March 2017 or entered into since the end of the previous financial year.

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, 2016 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 2017.

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.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	62,500	55,414
Attributable to:-		
Owners of the Company	62,656	55,414
Non-Controlling interests	(156)	-
	<hr/> 62,500	<hr/> 55,414

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 March 2016 were as follows:

	RM'000
In respect of the financial year ended 31 March 2016:	
- Second interim single tier tax-exempt dividend of 1 sen per share, declared on 26 February 2016 and paid on 12 April 2016 ⁽¹⁾	<hr/> 13,500
In respect of the financial year ended 31 March 2016:	
- Third interim single tier tax-exempt dividend of 1 sen per share, declared on 27 May 2016 and paid on 24 June 2016	13,500
In respect of the financial year ended 31 March 2017:	
- First interim single tier tax-exempt dividend of 1 sen per share, declared on 26 August 2016 and paid on 28 September 2016	13,500
- Second interim single tier tax-exempt dividend of 1 sen per share, declared on 25 November 2016 and paid on 13 January 2017	13,500
- Third interim single tier tax-exempt dividend of 0.5 sen per share, declared on 27 February 2017 and paid on 21 April 2017	6,750
	<hr/> 47,250

**DIRECTORS'
REPORT(CONT'D)****DIVIDENDS (CONT'D)**

- ⁽¹⁾ - This second interim dividend was declared and has been accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ended 31 March 2016. Subsequently, this was paid in the financial year ended 31 March 2017.

In respect of the financial year ended 31 March 2017, the Directors had on 25 May 2017 declared a fourth interim single tier tax-exempt dividend of 1.5 sen per share, amounting to RM20.25 million based on the issued and paid-up share capital as at 31 March 2017 of 1,350,000,000 ordinary shares. The Entitlement Date is 9 June 2017 and paid on 20 June 2017. 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 2018.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2017.

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 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 all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

DIRECTORS' REPORT (CONT'D)

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, 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.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial 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 in which this report is made.

DIRECTORS' REPORT(CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

Jeneral Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (B) (Chairman) ⁽²⁾
 Dato' Wan Mohd Safiain Bin Wan Hasan (Deputy Chairman) ⁽¹⁾
 Datuk Haji Abu Hanifah Bin Noordin (Managing Director) ⁽¹⁾
 Chew Ben Ben (Deputy Managing Director)
 Handrianov Putra Bin Abu Hanifah
 Md Diah Bin Ramli ⁽¹⁾
 Mohamed Zulkhornain Bin Ab Raneer
 Raghbir Singh A/L Hari Singh ⁽²⁾
 Talya Zholeikha Binti Abu Hanifah ⁽¹⁾
 Datuk Dr. Aziz Jamaludin Bin Hj Mhd Tahir
 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, Datuk Haji Abu Hanifah Bin Noordin, Puan Talya Zholeikha Binti Abu Hanifah, Encik Md Diah Bin Ramli and Dato' Wan Mohd Safiain Bin Wan Hasan retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.*

⁽²⁾ *With the Companies Act, 2016 came into operation on 31 January 2017, there is no age limit to act as Directors in a public listed company.*

Jeneral Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (B), Mr Yee Kim Shing @ Yew Kim Sing and Mr Raghbir Singh A/L Hari Singh who are over the age of 70, were re-appointed pursuant to Section 129(6) of the Companies Act, 1965 at the Eighth Annual General Meeting of the Company will hold office until the conclusion of the Ninth Annual General Meeting, have offered themselves for re-appointment as Directors of the Company at the Ninth Annual General Meeting.

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Datin Popi Riandani Binti Dody Muchtar
 Datuk Ab. Hamid Bin Mohamad Hanipah
 Datuk Hj. Aminuddin Bin Md Hanafiah
 Dato' Mohd Habib Bin Jamaldin
 Prof. Dato' Dr. Hj Abdul Razak Bin Hj Omar
 Chandrash A/L Jitendrakumar Babulal
 Choi Hyung Chul
 Chuah Ban Cheng
 Ding Yong
 Jayesh R Kamdar A/L Rajnikant
 Ng Shih Shing
 Shaikh Harun Bin Mustafa
 Siti Rohana Binti Abd. Majid
 Teng Boon Hou @ Andrew Teng

DIRECTORS' REPORT (CONT'D)

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:-

	At 1.4.2016	Number of Ordinary Shares		At 31.3.2017
		Bought	Sold	
THE COMPANY				
<i>Direct Interests</i>				
Jeneral Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (B)	7,500,000	-	-	7,500,000
Dato' Wan Mohd Safiain Bin Wan Hasan	1,015,000	25,000	(535,000)	505,000
Datuk Haji Abu Hanifah Bin Noordin	235,082,260	-	(31,570,000)	203,512,260
Chew Ben Ben	178,875,800	10,421,700	(12,000,000)	177,297,500
Handrianov Putra Bin Abu Hanifah	23,000,000	262,800	(20,000,000)	3,262,800
Md Diah Bin Ramli	429,990	-	(40,000)	389,990
Mohamed Zulkhornain Bin Ab Rane	5,687,300	-	(3,650,000)	2,037,300
Raghib Singh A/L Hari Singh	688,700	30,000	-	718,700
Talya Zholeikha Binti Abu Hanifah	3,000,000	-	-	3,000,000
Dato' Wan Ibrahim Bin Wan Ahmad	30,000	20,000	(30,000)	20,000
Safia Zuleira Binti Abu Hanifah	100,000	2,900,000	-	3,000,000
Dato' Zaiful Ayu Ibrahim Bin Ibrahim	1,560,000	-	(560,000)	1,000,000
<i>Indirect Interests</i>				
Datuk Haji Abu Hanifah Bin Noordin				
Dibena Enterprise Sdn. Bhd. ⁽¹⁾	139,012,010	-	(69,400,000)	69,612,010
Gerbang Subur Sdn. Bhd. ⁽¹⁾	130,000,000	750,000	(90,000)	130,660,000
Datin Popi Riandani Binti Dody Muchtar ⁽²⁾	200,000	42,770,000	-	42,970,000
Harrizal Rizhan Bin Abu Hanifah ⁽³⁾	100,000	2,900,000	-	3,000,000
Chew Ben Ben				
Enrich Epitome Sdn. Bhd. ⁽¹⁾	130,000,000	750,000	(500,000)	130,250,000
Zhao Tong ⁽²⁾	26,780,000	5,300,000	(5,780,000)	26,300,000
Md Diah Bin Ramli				
Muhammad Nurashraf Bin Md Diah ⁽³⁾	29,000	-	(29,000)	-
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu ⁽²⁾	100,000	-	-	100,000

Note:

⁽¹⁾ - Deemed interest through the shares held pursuant to Section 8(4) of the Companies Act, 2016.

⁽²⁾ - Deemed interest in shares held by spouse pursuant to Section 59(11)(c) of the Companies Act, 2016.

⁽³⁾ - Deemed interest in shares held by children pursuant to Section 59(11)(c) of the Companies Act, 2016.

**DIRECTORS'
REPORT(CONT'D)****DIRECTORS' INTERESTS (CONT'D)**

Datuk Haji Abu Hanifah Bin Noordin and Chew Ben Ben by virtue of their substantial interests in the Company, they 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 year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of salaries and bonus received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM10,000,000 and RM21,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 46 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 35 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2017

Jeneral Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (B)

Datuk Haji Abu Hanifah Bin Noordin

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Jeneral Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (B) 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 87 to 167 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47 on page 168, 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 31 July 2017

.....
**Jeneral Tan Sri (Dr) Mohamed
Hashim Bin Mohd Ali (B)**

.....
Datuk Haji Abu Hanifah Bin Noordin

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

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 87 to 167 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 31 July 2017

Before me
Lai Din (W668) Commissioner for Oaths

Chew Ben Ben

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Datasonic Group Berhad, which comprise the statements of financial position as at 31 March 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 167.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Property, Plant and Equipment ("PPE") Refer to Note 5 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
Property, plant and equipment is a major component of the statement of financial position of the Group. There is a risk associated with the assessment of the recoverable amount of certain operating assets included in PPE, which relate to manufacturing and customised smart card solutions businesses. The recoverability of these PPE is also dependent on internal assumptions related to future production levels and operating costs.	Our audit procedures included, among others: <ul style="list-style-type: none">assessed whether there is any indication that an asset may be impaired. If any such indications exist, estimate the recoverable amount of the asset.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF DATASONIC GROUP BERHAD

Key Audit Matters (Cont'd)

Assessment for Impairment of Development Expenditures Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We focused on this area because the Group carries significant development expenditures which are in the process of development and had disclosed their assessment for impairment of development expenditures in Note 10 to the financial statements.</p> <p>Significant judgement is involved in the estimation of the present value of future cash flows generated by development expenditures, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows including forecast revenue growth, profit margin of the products and discount rates.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> evaluated the determination of the cash-generating units; assessed the reasonableness of cash flow forecast and projections by comparison to historical performance and future outlook and through discussion with management; evaluated whether the model used to calculate recoverable amount of the individual cash-generating units complies with the requirements of MFRS 136 - Impairment of Assets; and reviewed sensitivity analysis taking into account the historical forecasting accuracy of the Group to stress test the key assumptions in the impairment model performed by management.

Recoverability of Trade Receivables Refer to Notes 11 and 45.1(b)(iii) to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As disclosed in Note 45.1(b)(iii) to the financial statements, it states that the net amount past due amounted to RM62,478,000 at the end of the financial year.</p> <p>We focused on this area because trade receivables is a major component of the statement of financial position of the Group and is subject to major credit risk exposure. The assessment of recoverability of trade receivables involved significant judgement, particularly regarding estimation of future cash collection and evaluation of the adequacy of the allowance for impairment losses.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; enquired management on project/receivables status for major customers; reviewed collections and sales trends during the financial year of major trade receivables; and reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

**INDEPENDENT AUDITORS'
REPORT (CONT'D)**
TO THE MEMBERS OF DATASONIC GROUP BERHAD

Key Audit Matters (Cont'd)

Recoverability of Other Receivables Refer to Note 14 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As disclosed in Note 14 to the financial statements, it states that there was a sum of approximately RM31,128,000 of the Group which was in respect of downpayments to suppliers for the purchase of machineries.</p> <p>The assessment of recoverability of other receivables involved judgements, and estimation uncertainty in analysing suppliers' historical deliveries and creditworthiness regarding estimation of future deliveries and evaluation of adequacy of allowance for impairment losses.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• reviewed recoverability of downpayments to these suppliers including but not limited to the review of subsequent deliveries;• enquired management on delivery status of these suppliers; and• reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF DATASONIC GROUP BERHAD

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITORS'
REPORT (CONT'D)**
TO THE MEMBERS OF DATASONIC GROUP BERHAD

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 168 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 266 of the Companies Act 2016 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

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

Kuala Lumpur

31 July 2017

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	135,230	121,596	17,549	17,534
Investments in subsidiaries	6	–	–	90,125	90,004
Investment in an associate	7	–	–	90	90
Other investment	8	110	110	–	–
Goodwill	9	4,153	4,153	–	–
Development expenditures	10	40,669	46,722	–	–
Trade receivables	11	7,960	7,152	–	–
		188,122	179,733	107,764	107,628
CURRENT ASSETS					
Projects-in-progress	12	54,014	38,394	–	–
Inventories	13	3,196	4,077	–	–
Trade receivables	11	133,109	123,914	–	–
Other receivables, deposits and prepayments	14	36,629	3,256	628	271
Amounts owing by subsidiaries	15	–	–	74,596	49,505
Tax recoverable		5,539	12,517	445	387
Short-term investments	16	29,153	20,827	29,153	20,827
Deposits with licensed banks	17	7,913	7,044	21	21
Cash and bank balances	17	16,253	15,299	498	1,949
		285,806	225,328	105,341	72,960
TOTAL ASSETS		473,928	405,061	213,105	180,588

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AT 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	135,000	135,000	135,000	135,000
Merger deficit	19	(11,072)	(11,072)	–	–
Foreign exchange translation reserve		10	1	–	–
Retained profits		136,846	121,467	25,724	17,560
Equity attributable to owners of the Company		260,784	245,396	160,724	152,560
Non-controlling interests		(396)	(146)	–	–
TOTAL EQUITY		260,388	245,250	160,724	152,560
NON-CURRENT LIABILITIES					
Long-term borrowings	20	80,532	75,605	8,439	10,226
Deferred tax liabilities	24	558	1,158	–	–
		81,090	76,763	8,439	10,226
CURRENT LIABILITIES					
Trade payables	25	29,353	9,943	–	–
Other payables and accruals	26	19,990	10,116	972	978
Amounts owing to a subsidiary	15	–	–	34,438	400
Short-term borrowings	27	76,357	49,489	1,782	2,924
Dividend payable	28	6,750	13,500	6,750	13,500
		132,450	83,048	43,942	17,802
TOTAL LIABILITIES		213,540	159,811	52,381	28,028
TOTAL EQUITY AND LIABILITIES		473,928	405,061	213,105	180,588
NET ASSETS PER SHARE (SEN)	29	19.32	18.18		

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 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
REVENUE	31	318,353	241,310	66,368	55,932
COST OF SALES		(180,522)	(112,429)	–	–
GROSS PROFIT		137,831	128,881	66,368	55,932
OTHER INCOME	32	1,020	1,387	1,681	2,354
		138,851	130,268	68,049	58,286
ADMINISTRATIVE EXPENSES		(60,191)	(59,955)	(11,963)	(13,050)
		78,660	70,313	56,086	45,236
FINANCE COSTS	34	(6,792)	(5,213)	(529)	(755)
PROFIT BEFORE TAXATION	35	71,868	65,100	55,557	44,481
INCOME TAX EXPENSE	36	(9,368)	(2,208)	(143)	(144)
PROFIT AFTER TAXATION		62,500	62,892	55,414	44,337
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		9	(1)	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		62,509	62,891	55,414	44,337

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

**STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		62,656	63,048	55,414	44,337
Non-controlling interests		(156)	(156)	-	-
		<u>62,500</u>	<u>62,892</u>	<u>55,414</u>	<u>44,337</u>
TOTAL COMPREHENSIVE					
INCOME ATTRIBUTABLE					
TO:-					
Owners of the Company		62,665	63,047	55,414	44,337
Non-controlling interests		(156)	(156)	-	-
		<u>62,509</u>	<u>62,891</u>	<u>55,414</u>	<u>44,337</u>
EARNINGS PER SHARE (SEN)	37				
Basic		<u>4.64</u>	<u>4.67</u>		
Diluted		<u>4.64</u>	<u>4.67</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Group	Note	<-Non-distributable-> Distributable					Attributable to Owners of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000				
At 1 April 2016		135,000	(11,072)	1	121,467		245,396	(146)	245,250
Profit after taxation for the financial year		-	-	-	62,656		62,656	(156)	62,500
Other comprehensive income for the financial year:									
- foreign currency translation differences		-	-	9	-	9		-	9
Total comprehensive income for the financial year		-	-	9	62,656		62,665	(156)	62,509
Distributions to owners of the Company:									
- dividends	30	-	-	-	(47,250)		(47,250)	-	(47,250)
Change in subsidiaries' ownership interests that do not result in a loss of control	38(c)	-	-	-	(27)		(27)	(94)	(121)
Total transaction with owners		-	-	-	(47,277)		(47,277)	(94)	(47,371)
At 31 March 2017		135,000	(11,072)	10	136,846		260,784	(396)	260,388

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Group	Note	<-Non-distributable-> Distributable				Attributable to Owners of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits 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:	30							
- dividends		-	-	-	(40,500)	(40,500)	-	(40,500)
At 31 March 2016		135,000	(11,072)	1	121,467	245,396	(146)	245,250

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Company	Note	Share Capital RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 April 2016		135,000	17,560	152,560
Profit after taxation/Total comprehensive income for the financial year		–	55,414	55,414
Distribution to owners of the Company: - dividends	30	–	(47,250)	(47,250)
At 31 March 2017		135,000	25,724	160,724
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	30	–	(40,500)	(40,500)
At 31 March 2016		135,000	17,560	152,560

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
Note	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	71,868	65,100	55,557	44,481
Adjustments for:-				
Allowance for impairment losses on:				
- inventories	242	94	-	-
- trade receivables	2,119	-	-	-
Depreciation of property, plant and equipment	27,822	30,674	901	879
Amortisation of development expenditures	6,810	189	-	-
Equipment written off	6	37	#	5
Interest expense	6,792	5,213	529	755
Loss/(Gain) on disposal of equipment	5	(10)	5	-
Trade and other receivables written off	8	-	-	-
Unrealised loss/(gain) on foreign exchange	587	(670)	-	-
Dividend income	-	-	(56,600)	(45,000)
Interest income	(734)	(1,300)	(495)	(1,100)
Writeback of impairment losses on:				
- inventories	(51)	(109)	-	-
- trade receivables	(3)	(2)	-	-
Operating profit/(loss) before working capital changes	115,471	99,216	(103)	20
(Increase)/Decrease in projects-in-progress	(15,620)	784	-	-
Decrease/(Increase) in inventories	690	(1,389)	-	-
Increase in trade and other receivables	(45,500)	(24,837)	(357)	(34)
Increase/(Decrease) in trade and other payables	28,681	12,048	(6)	506
Decrease in amount owing by subsidiaries	-	-	1,361	252
CASH FROM OPERATING ACTIVITIES	83,722	85,822	895	744
Income tax paid	(2,990)	(5,773)	(201)	(380)
Interest paid	(6,792)	(5,213)	(529)	(755)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	73,940	74,836	165	(391)

Note:

- Amount less than RM1,000.

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
BALANCE BROUGHT FORWARD		73,940	74,836	165	(391)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents	38(a), 38(b)	-	-	(#)	(#)
Additional investment in an existing subsidiary	38(c)	(121)	-	(121)	-
Interest received		734	1,300	495	1,100
Dividend received		-	-	35,200	30,000
Development expenditures paid (Advances)/Repayment from subsidiaries		(757)	(35,786)	-	-
Additional short-term investments		-	-	(5,058)	20,385
Proceeds from disposal of equipment		(8,326)	(20,827)	(8,326)	(20,827)
Purchase of property, plant and equipment		-	32	-	-
Placement of deposits pledged to licensed banks		(41,467)	(9,947)	(915)	(181)
		(870)	(1,832)	-	(1)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(50,807)	(67,060)	21,275	30,476
BALANCE CARRIED FORWARD		23,133	7,776	21,440	30,085

Note:

- Amount less than RM1,000.

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

**STATEMENTS OF
CASH FLOWS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
BALANCE BROUGHT FORWARD		23,133	7,776	21,440	30,085
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid		(54,000)	(27,000)	(54,000)	(27,000)
Drawdown of hire purchase and finance lease		4,350	530	-	-
Repayment of hire purchase and finance lease obligations		(317)	(42)	(20)	(19)
Drawdown of trade financing		84,788	44,543	-	-
Repayment of trade financing		(53,358)	(32,637)	-	-
Drawdown of term loans		44,620	13,818	-	-
Repayment of term loans		(40,379)	(37,724)	-	-
Repayment of term financing		(2,909)	(2,753)	(2,909)	(2,753)
Advances from a subsidiary		-	-	34,038	400
NET CASH FOR FINANCING ACTIVITIES		(17,205)	(41,265)	(22,891)	(29,372)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,928	(33,489)	(1,451)	713
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		25	17	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,600	45,072	1,949	1,236
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	17	17,553	11,600	498	1,949

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in 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 31 July 2017.

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.

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 2016 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)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Presentation of Financial Statements- Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 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 (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
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 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

- (b) 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 distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an 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.

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.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Acquisition Method of Accounting for Non-common Control Business Combinations

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

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

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

(c) Non-controlling Interests

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

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

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

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

(e) Loss of Control

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

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

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

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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.

(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

The estimates for the residual values, useful lives and related amortisation charges for the development costs 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 development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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.

(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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the exchange 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the financial year. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates 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.

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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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 (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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 initially 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES (CONT'D)

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

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 in profit or loss immediately.

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

All items of property, plant and equipment are initially measure at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on property, plant and equipment 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. Any changes are accounted for as a change in estimate.

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.

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 difference 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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 RESEARCH AND DEVELOPMENT EXPENDITURES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each financial year for impairment when 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 an assets is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

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. Any impairment losses recognised in respect of a cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata 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 method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INVENTORIES (CONT'D)

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 LEASED ASSETS

(a) Hire Purchase and Finance Lease Payables

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase and finance lease payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 reporting period.

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 reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss or 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 or 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 OPERATING SEGMENTS

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

4.21 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 own shares held.

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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2016	722	1,558	4,366	162,433	9,550	13,812	13,340	9,135	214,916
Additions	39	-	564	37,300	368	-	-	3,196	41,467
Assets written off	(30)	-	(236)	(1,903)	-	-	-	-	(2,169)
Disposals	-	(58)	(8)	-	-	-	-	-	(66)
Reclassification	-	-	-	-	499	11,832	-	(12,331)	-
At 31 March 2017	731	1,500	4,686	197,830	10,417	25,644	13,340	-	254,148
Accumulated Depreciation									
At 1 April 2016	351	697	3,007	86,548	1,403	482	832	-	93,320
Charge for the year	55	276	778	25,193	997	276	247	-	27,822
Assets written off	(24)	-	(236)	(1,903)	-	-	-	-	(2,163)
Disposals	-	(53)	(8)	-	-	-	-	-	(61)
At 31 March 2017	382	920	3,541	109,838	2,400	758	1,079	-	118,918
Net Book Value	349	580	1,145	87,992	8,017	24,886	12,261	-	135,230

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2016	65	776	352	3,611	4,306	10,740	-	19,850
Additions	3	-	95	318	-	-	499	915
Assets written off	-	-	(7)	-	-	-	-	(7)
Transfer to subsidiaries	-	-	(5)	-	-	-	-	(5)
Transfer from subsidiaries	7	-	#	-	-	-	-	7
Disposal	-	(58)	-	-	-	-	-	(58)
Reclassification	-	-	-	499	-	-	(499)	-
At 31 March 2017	75	718	435	4,428	4,306	10,740	-	20,702
Accumulated Depreciation								
At 1 April 2016	17	619	181	659	244	596	-	2,316
Charge for the year	7	119	85	406	86	198	-	901
Assets written off	-	-	(7)	-	-	-	-	(7)
Transfer to subsidiaries	-	-	(4)	-	-	-	-	(4)
Disposal	-	(53)	-	-	-	-	-	(53)
At 31 March 2017	24	685	255	1,065	330	794	-	3,153
Net Book Value	51	33	180	3,363	3,976	9,946	-	17,549

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 were as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Leasehold land	12,261	12,508	9,946	10,144
Buildings	24,886	13,330	3,976	4,062
Assets-in-progress	–	9,135	–	–
	37,147	34,973	13,922	14,206

- (ii) The net book value of equipment acquired under hire purchase and finance lease terms at the end of the financial year is as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	485	638	33	63
Machineries	4,457	–	–	–
	4,942	638	33	63

These 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:-

	Group	
	2017	2016
	RM'000	RM'000
Building	11,832	–
Machineries	72,033	40,719
	83,865	40,719

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost:		
- in Malaysia	90,072	89,951
- outside Malaysia	53	53
	<hr/>	<hr/>
	90,125	90,004

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2017	2016	
		%	%	
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")	Malaysia	100	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	100	Dormant.
Astana Inovasi Sdn. Bhd. ("AISB") ^	Malaysia	100	100	Dormant.
Datasonic International Sdn. Bhd. ("DINT") ^	Malaysia	100	-	Dormant.
Datasonic New Zealand Limited ("DNZL") ~	New Zealand	100	100	Software development services and computer systems design and related activities.

Held by DMSB

Constant Ahead Sdn. Bhd. ("CASB")	Malaysia	100	99.45	Dormant.
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 36 to the financial statements.*
- ^ - *These subsidiaries were audited by other firms of chartered accountants.*
- ~ - *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:-

- (i) acquired approximately 0.55% equity interests in DMSB (including CASB) for a total cash consideration of RM121,625; and
- (ii) acquired 1 ordinary share in DMSB from a subsidiary, DTSB for a cash consideration of RM1.

Consequently, DMSB (including CASB) became a wholly-owned subsidiary of the Company.

(b) During the financial year, the Company subscribed for 99 ordinary shares representing 99% equity interests in DINT for a total cash consideration of RM99 and also acquired 1 ordinary share representing 1% equity interests in DINT for a total cash consideration of RM1. Consequently, DINT became a wholly-owned subsidiary of the Company.

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

	Effective Equity Interest		Group	
	2017 %	2016 %	2017 RM'000	2016 RM'000
DISB	30	30	(396)	(241)
DMSB	-	0.55	-	96
CASB	-	0.55	-	(1)
			(396)	(146)

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 (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

7. INVESTMENT IN ASSOCIATE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	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
		2017	2016	
		%	%	
Electric Vehicle Automotive (M) Sdn. Bhd. ("EVAM")	Malaysia	30	30	Dormant.

- (a) The share of results in the associate is based on the financial statements for the financial year ended 31 March 2017.
- (b) The summarised financial information for the associate is not presented as the associate is not material to the Group.
- (c) The Group has not recognised losses of EVAM, where its share of losses exceeds the Group's cost of investment. The Group's cumulative share of unrecognised losses at the end of the financial year was approximately RM70,000 (2016 - RM63,000) of which approximately RM7,000 (2016 - RM57,000) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

8. OTHER INVESTMENT

	Group	
	2017	2016
	RM'000	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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9. GOODWILL

	Group	
	2017	2016
	RM'000	RM'000
Goodwill	4,153	4,153

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

The Group has assessed the recoverable amount of goodwill, and determined that no impairment is required. The recoverable amount of the manufacturing of cards cash-generating unit is computed using the value in use approach, and this is derived from the present value of the future cash flows from the 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	
	2017	2016
	RM'000	RM'000
At cost:-		
At 1 April 2016/2015	50,193	14,407
Additions	757	35,786
At 31 March 2017/2016	50,950	50,193
Accumulated amortisation:-		
At 1 April 2016/2015	(2,249)	(2,060)
Amortisation during the financial year (Note 35)	(6,810)	(189)
At 31 March 2017/2016	(9,059)	(2,249)
Accumulated impairment losses:-		
At 1 April 2016/31 March 2017	(1,222)	(1,222)
	40,669	46,722

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

10. DEVELOPMENT EXPENDITURES (CONT'D)

Included in the development expenditures is an amount of RM757,000 (2016 - RM637,000) in respect of staff costs incurred during the financial year.

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	
	2017	2016
	RM'000	RM'000
Trade receivables	98,263	59,422
Allowance for impairment losses	(2,712)	(596)
	<hr/>	<hr/>
Accrued income	95,551	58,826
	45,518	72,240
	<hr/>	<hr/>
	141,069	131,066
	<hr/>	<hr/>

The trade receivables are made up of:-

(a) <u>Non-current:</u>		
Accrued income	7,960	7,152
(b) <u>Current:</u>		
Trade receivables	95,551	58,826
Accrued income	37,558	65,088
	<hr/>	<hr/>
	133,109	123,914
	<hr/>	<hr/>
	141,069	131,066
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. TRADE RECEIVABLES (CONT'D)

	Group	
	2017	2016
	RM'000	RM'000
Allowance for impairment losses:-		
At 1 April 2016/2015	(596)	(598)
Addition	(2,119)	-
Writeback	3	2
Written off	#	-
At 31 March 2017/2016	(2,712)	(596)

Note:

- Amount less than RM1,000.

The Group's normal trade credit terms range from 30 to 90 (2016 - 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.

12. PROJECTS-IN-PROGRESS

	Group	
	2017	2016
	RM'000	RM'000
At costs:-		
Site preparation	1,200	7,546
Machineries	63	682
Materials	40,439	18,622
Consumables	654	379
Technical Services	11,098	11,050
Others	560	115
	54,014	38,394

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

13. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
At costs:-		
Raw materials	816	861
Manufactured cards	60	61
Spare parts	1,345	1,168
Consumables	922	428
Equipment	482	555
Software	39	45
Goods-in-transit	437	1,706
	<hr/>	<hr/>
	4,101	4,824
Less: Allowance for impairment losses	(905)	(747)
	<hr/>	<hr/>
	3,196	4,077
	<hr/>	<hr/>
Allowance for impairment losses:-		
At 1 April 2016/2015	(747)	(762)
Additions	(242)	(94)
Written off	33	-
Writeback	51	109
	<hr/>	<hr/>
31 March 2017/2016	(905)	(747)
	<hr/>	<hr/>
<u>Recognised in profit or loss</u>		
Inventories sold	1,758	1,531
Impairment losses	242	94
Writeback of impairment losses	(51)	(109)
	<hr/>	<hr/>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other receivables	34,657	1,538	367	31
Deposits	460	502	92	92
Prepayments	1,512	1,216	169	148
	<hr/>	<hr/>	<hr/>	<hr/>
	36,629	3,256	628	271
	<hr/>	<hr/>	<hr/>	<hr/>

Included in other receivables of the Group is a sum of approximately RM31,128,000 (2016 - Nil) which relates to downpayments to suppliers for the purchase of machineries. The downpayments are unsecured, interest-free and will be offset against future deliveries of machineries. As at the date of this report, all the downpayments to suppliers for the purchase of machineries have been delivered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Amounts owing by:-		
for trade balances	–	1,361
for non-trade balances	74,596	48,144
	<u>74,596</u>	<u>49,505</u>
Amount owing (to):-		
for non-trade balance	(34,438)	(400)

The trade balances owing by subsidiaries were subject to normal trade credit terms granted by the Company.

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			
	2017		2016	
	Carrying	Market	Carrying	Market
	Amount	Value	Amount	Value
	RM'000	RM'000	RM'000	RM'000
Money market funds in Malaysia, at fair value	29,153	29,153	20,827	20,827

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	7,913	7,044	21	21
Cash and bank balances	16,253	15,299	498	1,949
	<u>24,166</u>	<u>22,343</u>	<u>519</u>	<u>1,970</u>
Less: Bank overdraft (Note 27)	–	(5,000)	–	–
Less: Deposits pledged to licensed banks	(6,613)	(5,743)	(21)	(21)
	<u>17,553</u>	<u>11,600</u>	<u>498</u>	<u>1,949</u>

The deposits with licensed banks of the Group and of the Company at the end of the financial year bore effective interest rates ranging from 2.90% to 3.45% (2016 - 2.90% to 3.45%) per annum and 3.15% (2016 - 3.15%) per annum respectively. The deposits have maturity periods ranging from 1 to 12 (2016 - 1 to 12) months and 12 months (2016 - 12 months) for the Group and the Company respectively.

Deposits pledged to licensed banks as security for banking facilities granted to the Group and the Company are disclosed in Note 21 to the financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18. SHARE CAPITAL

Group/Company	2017		2016	
	Number of Shares '000	Share Capital RM'000	Number of Shares '000	Share Capital RM'000
Authorised				
Ordinary shares of RM0.10 each	N/A	N/A	10,000,000	1,000,000
Issued and Fully Paid-Up				
Ordinary shares with no par value (2016 – Par Value of RM0.10 Each)	1,350,000	135,000	1,350,000	135,000

N/A - Not applicable due to the adoption of the Companies Act 2016 as described in item (ii) below.

- (i) 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.
- (ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlements of the members as a result of this change.

19. MERGER DEFICIT

The merger deficit of RM11,072,000 (2016 - 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.

20. LONG-TERM BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Secured:-				
Term loans (Note 21)	68,518	64,969	–	–
Term financing (Note 22)	8,391	10,157	8,391	10,157
Hire purchase and finance lease payables (Note 23)	3,623	479	48	69
	80,532	75,605	8,439	10,226

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. TERM LOANS

	Group	
	2017	2016
	RM'000	RM'000
Secured:-		
<u>Non-current</u> (Note 20):		
- later than 1 year and not later than 2 years	1,510	788
- later than 2 years and not later than 5 years	57,958	53,116
- later than 5 years	9,050	11,065
	68,518	64,969
<u>Current</u> (Note 27):		
- not later than 1 year	1,441	749
	69,959	65,718

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	
					2017	2016
					RM'000	RM'000
1	120	39	1 November 2011	5.50% (2016 - 5.70%)	1,962	2,317
2	< ----- Note 1 ----- >			Nil (2016 - 5.85%)	-	39,617
3	144	53	1 January 2015	4.35% (2016 - 4.45%)	5,044	5,452
4	< ----- Note 2 ----- >			5.40% (2016 - 5.60%)	30,512	10,882
5	< ----- Note 3 ----- >			5.42%	22,641	-
6	144	87	1 July 2017	4.25% (2016 - 4.45%)	9,800	7,450
					69,959	65,718

The term loans above are with floating rates ranging from 4.25% to 5.50% (2016 - 4.45% to 5.85%) per annum.

Notes:-

- 1 - Term loan 2 was 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% 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.
- 3 - Term loan 5 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 85% of each contract proceeds received from the project until full settlement.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. TERM LOANS (CONT'D)

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 was 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.

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) proceeds from the project as disclosed in the footnote (Note 3) above; and
- (b) a corporate guarantee of the Company and a subsidiary.

Term loan 6 is secured by:-

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

22. TERM FINANCING

Secured:-

Non-current (Note 20):

- later than 1 year and not later than 2 years
- later than 2 years and not later than 5 years
- later than 5 years

Current (Note 27):

- not later than 1 year

Group/Company	
2017	2016
RM'000	RM'000
1,177	1,758
3,851	3,682
3,363	4,717
8,391	10,157
1,761	2,904
10,152	13,061

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

22. TERM FINANCING (CONT'D)

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	
					2017 RM'000	2016 RM'000
1	36	160	1 July 2014	5.75% (2016 - 5.85%)	634	2,466
2	120	126	1 July 2014	4.35% (2016 - 4.45%)	9,518	10,595
					<u>10,152</u>	<u>13,061</u>

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 4.35% to 5.75% (2016 - 4.45% to 5.85%) per annum.

23. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Secured:-				
Minimum hire purchase and finance lease payments:				
- not later than 1 year	1,423	143	23	23
- later than 1 year and not later than 5 years	4,352	521	51	74
	<u>5,775</u>	<u>664</u>	<u>74</u>	<u>97</u>
Less: Future finance charges	(1,146)	(68)	(5)	(8)
Present value of hire purchase and finance lease payables	<u>4,629</u>	<u>596</u>	<u>69</u>	<u>89</u>
 <u>Non-current</u> (Note 20):				
- later than 1 year and not later than 5 years	3,623	479	48	69
 <u>Current</u> (Note 27):				
- not later than 1 year	1,006	117	21	20
	<u>4,629</u>	<u>596</u>	<u>69</u>	<u>89</u>

(a) The hire purchase and finance lease payables of the Group and of the Company are secured by the Group and the Company's motor vehicles and machineries.

(b) The hire purchase and finance lease payables of the Group and of the Company at the end of the financial year bore effective interest rates ranging from 4.53% to 13.40% (2016 - 4.53% to 4.75%) per annum and 4.53% (2016 - 4.53%) per annum respectively. The interest rates are fixed at the inception of the hire purchase and finance lease arrangements.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

24. DEFERRED TAX LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 April 2016/2015	1,158	64	–	35
Recognised in profit or loss (Note 36)	(600)	1,094	–	(35)
At 31 March 2017/2016	558	1,158	–	–

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	558	1,158	–	–

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	
	2017	2016
	RM'000	RM'000
Accelerated capital allowances	29,325	27,760

25. TRADE PAYABLES

	Group	
	2017	2016
	RM'000	RM'000
Trade payables	29,353	9,943

The normal trade credit terms granted to the Group range from 30 to 90 (2016 - 30 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables	3,826	1,007	184	107
Deferred income	306	2,456	–	–
Provisions	1,644	4,651	46	557
Accruals	14,214	2,002	742	314
	19,990	10,116	972	978

27. SHORT-TERM BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Term loans (Note 21)	1,441	749	–	–
Term financing (Note 22)	1,761	2,904	1,761	2,904
Hire purchase and finance lease payables (Note 23)	1,006	117	21	20
Trade financing	72,149	40,719	–	–
Bank overdraft	–	5,000	–	–
	76,357	49,489	1,782	2,924

(a) The trade financing bore effective interest rates ranging from 3.55% to 5.62% (2016 - 5.26% to 5.84%) per annum at the end of the financial year and are secured by a corporate guarantee of the Company.

(b) The bank overdraft of the Group in the previous financial year was secured by a corporate guarantee of the Company.

The bank overdraft of the Group in the previous financial year bore a floating interest rate of 5.60% per annum.

28. DIVIDEND PAYABLE

	Group/Company	
	2017	2016
	RM'000	RM'000
Second interim single tier tax-exempt dividend of 1 sen per share, declared on 26 February 2016	–	13,500
Third interim single tier tax-exempt dividend of 0.50 sen per share, declared on 27 February 2017	6,750	–
	6,750	13,500

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29. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net asset value at the end of the financial year of RM260,784,000 (2016 - RM245,396,000) divided by the number of ordinary shares at the end of the financial year of 1,350,000,000 (2016 - 1,350,000,000 of RM0.10 each).

30. DIVIDENDS

	Sen Per Share	Group/Company 2017 RM'000	Sen Per Share	2016 RM'000
In respect of the financial year ended 31 March 2015:				
- 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
- Third interim single tier tax-exempt dividend declared on 27 May 2016 and paid on 24 June 2016	1.0	13,500	-	-
In respect of the financial year ended 31 March 2017:				
- First interim single tier tax-exempt dividend declared on 26 August 2016 and paid on 28 September 2016	1.0	13,500	-	-
- Second interim single tier tax-exempt dividend declared on 25 November 2016 and paid on 13 January 2017	1.0	13,500	-	-
- Third interim single tier tax-exempt dividend declared on 27 February 2017 and paid on 21 April 2017	0.5	6,750	-	-
		<u>47,250</u>		<u>40,500</u>

In respect of the financial year ended 31 March 2017, the Directors had on 25 May 2017 declared a fourth interim single tier tax-exempt dividend of 1.5 sen per share, amounting to RM20.25 million based on the issued and paid-up share capital as at 31 March 2017 of 1,350,000,000 ordinary shares. The Entitlement Date is 9 June 2017 and paid on 20 June 2017. 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 2018.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

31. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of goods and services	318,353	241,310	–	–
Management service fee	–	–	9,768	10,932
Dividend income from subsidiaries	–	–	56,600	45,000
	318,353	241,310	66,368	55,932

32. OTHER INCOME

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of equipment	–	10	–	–
Interest income on financial assets:				
- at fair value through profit or loss	406	735	406	735
- not at fair value through profit or loss	328	565	89	365
Rental income	–	–	1,184	1,252
Sundries	286	77	2	2
	1,020	1,387	1,681	2,354

33. STAFF COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and other benefits	25,081	28,177	3,948	3,994
Defined contribution plan	2,964	3,447	468	471
	28,045	31,624	4,416	4,465

34. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities not at fair value through profit or loss	6,792	5,213	529	755

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

35. PROFIT BEFORE TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Property, plant and equipment:				
- Depreciation	27,822	30,674	901	879
- Written off	6	37	#	5
- Loss on disposal	5	-	5	-
Amortisation of development expenditures	6,810	189	-	-
Inventories:				
- Allowance for impairment losses	242	94	-	-
- Writeback	(51)	(109)	-	-
Trade receivables:				
- Allowance for impairment loss	2,119	-	-	-
- Bad debts written off	4	-	-	-
- Writeback	(3)	(2)	-	-
Other receivables written off	4	-	-	-
Audit fee	175	153	40	37
Directors' remuneration (Note 39(a)):				
- Non-executive directors:				
- Fees	615	630	510	510
- Allowances	111	111	63	63
- Executive directors' salaries and bonus	4,488	5,565	2,438	3,141
Loss/(Gain) on foreign exchange:				
- Realised	920	442	#	-
- Unrealised	587	(670)	-	-
Rental expense on:				
- equipment	431	678	24	22
- premises	929	1,944	336	336
- vehicles	44	51	-	-

Note:

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

36. INCOME TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	9,350	3,416	49	318
- under/(over)provision in the previous financial year	618	(2,302)	94	(139)
	9,968	1,114	143	179
Deferred tax liabilities (Note 24):				
- for the financial year	120	1,036	-	-
- (over)/underprovision in the previous financial year	(720)	58	-	(35)
	(600)	1,094	-	(35)
	9,368	2,208	143	144

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 and upon expiry, an application for an extension will be made.

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	71,868	65,100	55,557	44,481
Tax at the statutory tax rate of 24%	17,248	15,624	13,334	10,675
Tax effects of:-				
Non-deductible expenses	1,035	1,139	492	464
Non-taxable income	(97)	(182)	(13,681)	(10,976)
Income tax exempted from tax due to pioneer status	(10,734)	(13,600)	-	-
Reversal of deferred tax liabilities not recognised in the previous financial period due to pioneer status	1,961	1,909	-	-
Deferred tax asset not recognised	365	155	-	155
Utilisation of deferred tax assets previously not recognised	(308)	(593)	(96)	-
Under/(Over)provision in the previous financial year:				
- current taxation	618	(2,302)	94	(139)
- deferred taxation	(720)	58	-	(35)
Income tax expense for the financial year	9,368	2,208	143	144

**NOTES TO THE
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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

36. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

37. EARNINGS PER SHARE

	Group 2017	2016
Profit attributable to owners of the Company (RM'000)	62,656	63,048
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
Basic earnings per share (sen)	4.64	4.67

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

38. ACQUISITION OF SUBSIDIARIES

- (a) In the previous 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.
- (b) During the financial year, the Company subscribed for 99 ordinary shares representing 99% equity interests in DINT for a total cash consideration of RM99 and also acquired 1 ordinary share representing 1% equity interests in DINT for a total cash consideration of RM1. Consequently, DINT became a wholly-owned subsidiary of the Company.
- (c) On 28 September 2016, the Company acquired on additional 0.55% equity interests in DMSB (including CASB) for RM121,625 in cash, increasing its equity interests from 99.45% to 100%. The carrying amount of DMSB's assets in the Group's financial statements on that date was approximately RM17,163,000. The Group recognised a decrease in non-controlling interests of RM94,000 and a decrease in retained profits of RM27,000.

The following summarised the effect of changes in the equity interest in DMSB (including CASB) that attributable to the owners of the Company:-

	Group 2017 RM'000
Equity interest at 1 April 2016	(7,730)
Effect of increase in the Group's ownership	94
Share of post acquisition profits	900
Equity interest at 31 March 2017	(6,736)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

39. DIRECTORS' REMUNERATION

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
- salaries and bonus	2,438	3,141	2,438	3,141
Non-executive:				
- fees	510	510	510	510
- allowances	99	99	63	63
	609	609	573	573
	3,047	3,750	3,011	3,714
Benefits-in-kind	7	18	7	18
Directors of Subsidiaries				
Executive:				
- salaries and bonus	2,050	2,424	-	-
Non-executive:				
- fees	105	120	-	-
- allowances	12	12	-	-
	117	132	-	-
	2,167	2,556	-	-
Benefits-in-kind	14	14	-	-
Total	5,235	6,338	3,018	3,732
Analysis excluding benefits-in-kind:				
Total executive directors' salaries and bonus	4,488	5,565	2,438	3,141
Total non-executive directors:				
- fees	615	630	510	510
- allowances	111	111	63	63
	726	741	573	573
Total directors' remuneration excluding benefits-in-kind	5,214	6,306	3,011	3,714

**NOTES TO THE
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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

39. DIRECTORS' REMUNERATION (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
Directors of the Company				
Executive directors:-				
RM200,001 - RM250,000	3	3	3	3
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	1	-	1	-
RM350,001 - RM400,000	1	1	1	1
RM400,001 - RM450,000	-	1	-	1
RM450,001 - RM500,000	-	-	-	-
RM600,001 - RM650,000	1	-	1	-
RM650,001 - RM700,000	1	1	1	1
RM750,001 - RM800,000	-	1	-	1
RM900,001 - RM950,000	-	-	-	-
Non-executive directors:-				
Below RM50,000	2	2	3	3
RM50,001 - RM100,000	4	4	3	3
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	1	1	1
RM200,001 - RM250,000	-	-	-	-
	14	14	14	14

Directors of the Subsidiaries

Executive directors:-				
Below RM50,000	-	-	-	-
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	3	2	-	-
RM150,001 - RM200,000	3	1	-	-
RM200,001 - RM250,000	1	4	-	-
RM250,001 - RM300,000	2	1	-	-
RM300,001 - RM350,000	-	1	-	-
RM350,001 - RM400,000	1	-	-	-
RM400,001 - RM450,000	-	1	-	-
Non-executive directors:-				
Below RM50,000	2	1	-	-
RM50,001 - RM100,000	1	2	-	-
	13	13	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

40. 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:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Performance guarantees extended to customers	21,245	14,804	21,245	14,804
Unsecured:-				
Corporate guarantees for banking facilities granted to the subsidiaries	-	-	142,089	111,436
	21,245	14,804	163,334	126,240

41. RELATED PARTY DISCLOSURES

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

	Company	
	2017	2016
	RM'000	RM'000
Subsidiaries		
Management services fees	9,768	10,932
Dividend income	56,600	45,000
Equipment transferred to	1	11
Equipment transferred from	7	-
Rental income	1,184	1,252
Purchase from	1	-
Acquisition of a subsidiary's equity interest from a subsidiary	#	-

Note:

- Amount less than RM1,000.

42. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision maker 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.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

42. OPERATING SEGMENTS (CONT'D)

Manufacturing ("MA") - manufacturing of cards and booklets.

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.
- (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
2017				
Revenue				
External revenue	305,445	12,908	–	318,353
Inter-segment revenue	1,801	18,445	66,368	86,614
	<u>307,246</u>	<u>31,353</u>	<u>66,368</u>	<u>404,967</u>
Consolidation adjustments				(86,614)
Consolidated revenue				<u>318,353</u>
Results				
Segment profit before interest expense and taxation	87,777	3,443	56,087	147,307
Finance costs				(6,792)
Consolidation adjustments				(68,647)
Consolidated profit before taxation				<u>71,868</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2017 (Cont'd)				
Results (Cont'd)				
Segment profit before interest expense and taxation includes the following:-				
Interest income	197	43	494	734
Loss on disposal of equipment	-	-	5	5
Writeback of allowance for impairment losses on inventories	44	7	-	51
Writeback of allowance for impairment losses on trade receivables	3	-	-	3
Allowance for impairment losses on trade receivables	(2,119)	-	-	(2,119)
Allowance for impairment losses on inventories	(242)	-	-	(242)
Amortisation of development expenditures	(6,810)	-	-	(6,810)
Bad debts written off:				
- trade receivables	(4)	-	-	(4)
- other receivables	-	(4)	-	(4)
Depreciation of property, plant and equipment	(25,477)	(1,443)	(902)	(27,822)
Equipment written off	(6)	-	-	(6)
Unrealised foreign exchange loss	(348)	(239)	-	(587)
Assets				
Segment assets	541,309	88,243	212,142	841,694
Unallocated asset:				
- deposits with licensed banks				7,913
- cash and bank balances				16,253
- tax recoverable				5,539
Consolidation adjustments				(397,471)
Consolidated total assets				473,928
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	7,629	33,674	915	42,218
Development expenditures	757	-	-	757

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2017 (Cont'd)				
Liabilities				
Segment liabilities	422,173	50,348	52,381	524,902
Unallocated liabilities:				558
- deferred tax liabilities				(311,920)
Consolidation adjustments				
Consolidated total liabilities				<u>213,540</u>
2016				
Revenue				
External revenue	240,835	475	-	241,310
Inter-segment revenue	-	36,386	55,932	92,318
	<u>240,835</u>	<u>36,861</u>	<u>55,932</u>	<u>333,628</u>
Consolidation adjustments				(92,318)
Consolidated revenue				<u>241,310</u>
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				<u>65,100</u>
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)
Amortisation of development expenditures	(189)	-	-	(189)
Allowance for impairment losses on inventories	(81)	(13)	-	(94)
Equipment written off	(32)	-	(5)	(37)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2016 (Cont'd)				
Assets				
Segment assets	542,401	44,390	184,354	771,145
Unallocated asset: - tax recoverable				12,517
Consolidation adjustments				(378,601)
Consolidated total assets				<u>405,061</u>
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 liabilities: - deferred tax liabilities				1,158
- borrowings				125,094
Consolidation adjustments				(288,266)
Consolidated total liabilities				<u>159,811</u>

GEOGRAPHICAL INFORMATION

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

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue 2017 RM'000	Revenue 2016 RM'000	Segment
Customer #1	100,459	73,604	CSCS, MA
Customer #2	79,250	137,380	CSCS
Customer #3	51,000	-	CSCS

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
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43. COMMITMENTS

43.1 CAPITAL COMMITMENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Approved and Contracted For:-</u>				
Renovation	58	–	43	–
Acquisition of machineries and equipment	4,634	884	–	–
Acquisitions of properties ⁽¹⁾	–	3,122	–	–

- ⁽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 at a total purchase consideration of RM11.75 million which was fully paid. The Properties are intended to be used for the Research and Development division.

43.2 OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Not more than 1 year	924	1,089	246	224
Later than 1 year and not later than 5 years	493	926	36	–
	1,417	2,015	282	224

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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44. FOREIGN EXCHANGE RATES

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

	2017 RM	2016 RM
United States Dollar ("USD")	4.42	3.90
New Zealand Dollar ("NZD")	3.09	2.70
Euro ("EUR")	4.73	4.43
Japanese Yen 100 ("Yen")	3.95	N/A
Swiss Franc ("CHF")	4.42	4.05
Great British Pound ("GBP")	5.51	N/A

Note:

N/A – Not applicable.

45. FINANCIAL INSTRUMENTS

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

45.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than 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, Japanese Yen, Swiss Franc and Great British Pound. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The 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 is summarised below:-

Foreign Currency Exposure

Group	USD RM'000	NZD RM'000	EUR RM'000	YEN RM'000	CHF RM'000	GBP RM'000	RM RM'000	Total RM'000
2017								
Financial Assets								
Other investment	-	-	-	-	-	-	110	110
Trade receivables ⁽¹⁾	-	-	-	-	-	-	95,551	95,551
Other receivables and deposits	-	2	-	-	-	-	3,987	3,989
Short-term investments	-	-	-	-	-	-	29,153	29,153
Deposits with licensed banks	-	-	-	-	-	-	7,913	7,913
Cash and bank balances	125	84	1	-	-	-	16,043	16,253
	125	86	1	-	-	-	152,757	152,969
Financial Liabilities								
Trade payables	8,126	-	12,557	11	22	339	8,298	29,353
Other payables and accruals ⁽²⁾	23	-	-	1,328	-	-	18,333	19,684
Trade financing	-	-	-	-	-	-	72,149	72,149
Hire purchase and finance lease payables	-	-	-	-	-	-	4,629	4,629
Term financing	-	-	-	-	-	-	10,152	10,152
Term loans	-	-	-	-	-	-	69,959	69,959
Dividend payable	-	-	-	-	-	-	6,750	6,750
	8,149	-	12,557	1,339	22	339	190,270	212,676

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	YEN RM'000	CHF RM'000	GBP RM'000	RM RM'000	Total RM'000
2017								
Net financial (liabilities)/assets	(8,024)	86	(12,556)	(1,339)	(22)	(339)	(37,513)	(59,707)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	-	(86)	-	-	-	-	37,513	37,427
Currency exposure	(8,024)	-	(12,556)	(1,339)	(22)	(339)	-	(22,280)

Note:

(1) - The trade receivables exclude accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	CHF RM'000	RM RM'000	Total RM'000
2016						
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 (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies 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, with all other variables held constant:-

	Group	
	2017	2016
	RM'000	RM'000
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	(305)	(265)
- weakened by 5%	305	265
EUR/RM:		
- strengthened by 5%	(477)	(40)
- weakened by 5%	477	40
YEN/RM:		
- strengthened by 5%	(51)	-
- weakened by 5%	51	-
CHF/RM:		
- strengthened by 5%	(1)	(#)
- weakened by 5%	1	#
GBP/RM:		
- strengthened by 5%	(13)	-
- weakened by 5%	13	-

Note:

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(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.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Notes 21, 22 and 27 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, with all other variables held constant:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(1,157)	(946)	(77)	(99)
Decrease of 100 bp	1,157	946	77	99

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(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 RM221,000. 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.

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 three (3) customers which constituted approximately 86% 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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

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

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2017			
Not past due	33,073	-	33,073
Past due:			
- 31 to 60 days	7,095	-	7,095
- 61 to 90 days	7,285	-	7,285
- over 90 days	50,810	(2,712)	48,098
	98,263	(2,712)	95,551
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

(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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 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):-

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
2017						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	29,353	29,353	29,353	-	-
Other payables and accruals ⁽¹⁾	-	19,684	19,684	19,684	-	-
Trade financing	3.55 to 5.62	72,149	72,149	72,149	-	-
Hire purchase and finance lease payables	4.53 to 13.40	4,629	5,775	1,423	4,352	-
Term financing	4.35 to 5.75	10,152	11,777	2,161	6,074	3,542
Term loans	4.25 to 5.50	69,959	74,121	2,155	61,613	10,353
Dividend payable	-	6,750	6,750	6,750	-	-
		212,676	219,609	133,675	72,039	13,895

Note:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 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) (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
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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 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) (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
2017						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	972	972	972	-	-
Amount owing to a subsidiary	-	34,438	34,438	34,438	-	-
Hire purchase payable	4.53	69	74	23	51	-
Term financing	4.35 to 5.75	10,152	11,777	2,161	6,074	3,542
Dividend payable	-	6,750	6,750	6,750	-	-
		52,381	54,011	44,344	6,125	3,542
2016						
<u>Non-derivative Financial Liabilities</u>						
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support 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 is as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Trade financing (Note 27)	72,149	40,719
Hire purchase and finance lease payables (Note 23)	4,629	596
Term financing (Note 22)	10,152	13,061
Term loans (Note 21)	69,959	65,718
Bank overdraft (Note 27)	–	5,000
Total borrowings	156,889	125,094
Total equity	260,388	245,250
Debt-to-equity ratio	0.60	0.51

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

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	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)	95,551	58,826	–	–
Other receivables and deposits (Note 14)	3,989	2,040	459	123
Amount owing by subsidiaries (Note 15)	–	–	74,596	49,505
Deposits with licensed banks (Note 17)	7,913	7,044	21	21
Cash and bank balances (Note 17)	16,253	15,299	498	1,949
	123,706	83,209	75,574	51,598
<u>Fair Value through Profit or Loss</u>				
Short-term investments (Note 16)	29,153	20,827	29,153	20,827
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Trade payables (Note 25)	29,353	9,943	–	–
Other payables and accruals ⁽²⁾ (Note 26)	19,684	7,660	972	978
Amount owing to a subsidiary (Note 15)	–	–	34,438	400
Trade financing	72,149	40,719	–	–
Hire purchase and finance lease payables (Note 23)	4,629	596	69	89
Term financing (Note 22)	10,152	13,061	10,152	13,061
Term loans (Note 21)	69,959	65,718	–	–
Bank overdraft (Note 27)	–	5,000	–	–
Dividend payable (Note 28)	6,750	13,500	6,750	13,500
	212,676	156,197	52,381	28,028

Note:

⁽¹⁾ - The trade receivables exclude accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. 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:-

Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Value RM'000	Carrying Amount RM'000
2017								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	7,960	-	7,960	7,960
Other investment: - club membership	-	110	-	-	-	-	110	110
Short-term investments	29,153	-	-	-	-	-	29,153	29,153
<u>Financial Liabilities</u>								
Hire purchase and finance lease payables	-	-	-	-	4,629	-	4,629	4,629
Term financing	-	-	-	-	10,152	-	10,152	10,152
Term loans	-	-	-	-	69,959	-	69,959	69,959

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION (CONT'D)

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
Company								
2017								
<u>Financial Asset</u>								
Short-term investments	29,153	-	-	-	-	-	29,153	29,153
<u>Financial Liabilities</u>								
Hire purchase payable	-	-	-	-	69	-	69	69
Term financing	-	-	-	-	10,152	-	10,152	10,152
2016								
<u>Financial Asset</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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 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 risk-free rates ranging from 3.62 to 3.67% (2016 - 3.75%).
- (ii) The fair values of hire purchase and finance lease 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. The interest rates used to discount the estimated cash flows are as follows:-

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Hire purchase and finance lease payables	4.53 to 13.40	4.53 to 4.75	4.53	4.53
Term financing	4.35 to 5.75	4.45 to 5.85	4.35 to 5.75	4.45 to 5.85
Term loans	4.25 to 5.50	4.45 to 5.85	-	-

46. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced the existing Companies Act 1965.

Amongst the changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its adoption are:-

- (i) Removed of the authorised share capital; and
- (ii) Ordinary shares ceased to have par value.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective notes to the financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

47. 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 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	129,719	114,564	25,724	17,560
- unrealised	(1,144)	(487)	-	-
	128,575	114,077	25,724	17,560
Total share of accumulated loss of an associate:				
- realised	(90)	(90)	-	-
	128,485	113,987	25,724	17,560
Add: Consolidation adjustments	8,361	7,480	-	-
	136,846	121,467	25,724	17,560

LIST OF PROPERTIES

AS AT 31 MARCH 2017

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 2017 (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	60 years leasehold expiring on 3 August 2065	26	12,810	4,694	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	25	46,685	13,922	7 February 2013
3.	Datasonic Technologies Sdn Bhd	Lot 1-1, First Floor Retail Office, Olive Hill Business Park	Retail Office (Completed in February 2017)	Freehold Building	0	14,800	7,277	30 September 2013
4.	Datasonic Technologies Sdn Bhd	Lot 1-2, First Floor Retail Office, Olive Hill Business Park	Retail Office (Completed in February 2017)	Freehold Building	0	9,673	4,555	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	4	3,208	1,702	3 July 2014

LIST OF PROPERTIES (CONT'D)

AS AT 31 MARCH 2017

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 2017 (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	4	3,341	1,730	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	4	2,909	1,527	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	4	3,344	1,740	3 July 2014
Total							37,147	



Annual Report **2017**

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS PER THE RECORD OF DEPOSITORS AS AT 30 JUNE 2017

Issued and Paid-Up Share Capital	:	RM135,000,000.00 comprising of 1,350,000,000 Ordinary Shares
Class of Shares	:	Ordinary Share
No. of Shareholders	:	8,493
Voting Rights	:	a) On a show of hands, one vote every Shareholder b) On a poll, one vote for every Ordinary Share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	28	0.33	281	0.00
100 to 1,000	738	8.69	588,631	0.04
1,001 to 10,000	4,924	57.98	26,526,900	1.97
10,001 to 100,000	2,335	27.49	75,516,901	5.59
100,001 to 67,499,999 [#]	463	5.45	541,919,127	40.14
67,500,000 and above [#]	5	0.06	705,448,160	52.26
Total	8,493	100.00	1,350,000,000	100.00

Notes:

Less than 5% of issued holdings

Less than 5 % of issued holdings
5% and above of issued holdings

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.	Datuk Haji Abu Hanifah bin Noordin	204,012,260	15.11	2,112,010*	0.16
				130,660,000*	9.68
				3,000,000**	0.22
2.	Datin Popi Riandani binti Dody Muchtar	42,970,000	3.18	130,660,000*	9.68
3.	Gerbang Subur Sdn Bhd	130,660,000	9.68	–	–
4.	Chew Ben Ben	178,497,500	13.22	130,250,000*	9.65
				26,300,000**	1.95
5.	Enrich Epitome Sdn Bhd	130,250,000	9.65	–	–
6.	Lembaga Tabung Haji	130,243,800	9.65	–	–

Notes:

* Deemed interest pursuant to Section 8 of the Companies Act, 2016.

** Deemed interest pursuant to Section 59(11)(c) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' SHAREHOLDINGS (As per the Register of Directors' Shareholdings)

No.	Name of Shareholders	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 (B)	7,500,000	0.56	–	–
2.	Dato' Wan Mohd Safiain bin Wan Hasan	325,000	0.02	–	–
3.	Datuk Haji Abu Hanifah bin Noordin	204,012,260	15.11	2,112,010* 130,660,000* 42,970,000** 3,000,000**	0.16 9.68 3.18 0.22
4.	Chew Ben Ben	178,497,500	13.22	130,250,000* 26,300,000**	9.65 1.95
5.	Handrianov Putra bin Abu Hanifah	3,289,800	0.24	–	–
6.	Md Diah bin Ramli	389,990	0.03	–	–
7.	Mohamed Zulkhornain bin Ab Rane	1,137,300	0.08	–	–
8.	Raghibir Singh a/l Hari Singh	723,700	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	3,000,000	0.22	–	–
12.	Dato' Wan Ibrahim bin Wan Ahmad	20,000	0.00	–	–
13.	Yee Kim Shing @ Yew Kim Sing	–	–	100,000**	0.01
14.	Dato' Zaiful Ayu Ibrahim bin Ibrahim	1,250,000	0.09	–	–

Notes:

* Deemed interest pursuant to Section 8 of the Companies Act, 2016.

** Deemed interest pursuant to Section 59(11)(c) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
1.	Abu Hanifah bin Noordin	204,012,260	15.11
2.	Gerbang Subur Sdn Bhd	130,660,000	9.68
3.	Enrich Epitome Sdn Bhd	130,250,000	9.65
4.	Lembaga Tabung Haji	126,253,700	9.35
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Bank AG Singapore for Chew Ben Ben (Maybank SG)</i>	114,272,200	8.46
6.	Popi Riandani binti Dody Muchtar	42,970,000	3.18
7.	Zhao Tong	26,300,000	1.95
8.	Amsec Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</i>	21,378,100	1.58
9.	Chew Ben Ben	17,406,900	1.29
10.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	16,450,000	1.22
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (8095340)</i>	14,935,000	1.11
12.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd (EPF)</i>	13,972,900	1.04
13.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	13,733,200	1.02
14.	Yap Kai Jie	12,106,700	0.90
15.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd</i>	11,485,100	0.85
16.	Zhao, YunQiang	10,960,000	0.81
17.	CIMB Commerce Trustee Berhad <i>Public Focus Select Fund</i>	9,019,600	0.67
18.	Tham Choon Sarn	8,641,600	0.64
19.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for VanGuard Total International Stock Index Fund</i>	8,130,000	0.60

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
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.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Dana Unggul</i>	7,300,000	0.54
23.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	6,700,000	0.50
24.	Yap Tian Tion	6,481,000	0.48
25.	Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	6,290,000	0.47
26.	Tan Sin Chai	6,000,000	0.44
27.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund</i>	5,977,900	0.44
28.	RHB Investment Bank Berhad <i>IVT "SW Book 1"</i>	5,405,400	0.40
29.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund</i>	4,951,100	0.37
30.	Amanahraya Trustees Berhad <i>Public Islamic Treasures Growth Fund</i>	4,866,700	0.36
Total		1,002,208,860	74.25

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of DATASONIC GROUP BERHAD ("the Company") will be held at Cindai Ballroom, Cyberview Resort & Spa, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 13 September 2017 at 10:00 a.m. for the purpose of transacting the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note A)
2. To approve the increase of Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from 1 April 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears.
(Please refer to Explanatory Note B)
3. To approve the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from 1 April 2017 until the next Annual General Meeting of the Company.
(Please refer to Explanatory Note B)
4. To re-elect the following Directors who are retiring in accordance with Article 126 of the Articles of Association of the Company:-
 - a) Dato' Wan Mohd Safiain bin Wan Hasan
(Please refer to Explanatory Note C)
 - b) Datuk Haji Abu Hanifah bin Noordin
 - c) Puan Talya Zholeikha binti Abu Hanifah
 - d) Encik Md Diah bin Ramli
5. To re-appoint the following Directors as Directors of the Company:-
 - a) Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B)
(Please refer to Explanatory Notes C and D)
 - b) Mr Yee Kim Shing @ Yew Kim Sing
(Please refer to Explanatory Notes C and D)
 - c) Mr Raghbir Singh a/l Hari Singh
(Please refer to Explanatory Note D)
6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

Ordinary Resolution 10

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

7. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

"THAT subject to Sections 75 and 76 of the Companies Act, 2016, the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered to issue and allot shares in the Company, at any time, to such persons 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 total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Please refer to Explanatory Note E)

Ordinary Resolution 11

8. To transact any other business of which due notice has been given in accordance with the Companies Act, 2016 and the Articles of Association of the Company.

By Order of the Board

NIU CHEW WEI (MAICSA 7022900)
Company Secretary

Kuala Lumpur
31 July 2017

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

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, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
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.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or the hand of its attorney or duly authorised officer.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar's office, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend, speak and vote at this Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68 of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 6 September 2017. Only a depositor whose name appears on the Record of Depositors as at 6 September 2017 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the Ninth Annual General Meeting of the Company shall be put to vote by way of a poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the Ninth Annual General Meeting of the Company.

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:

A) To receive the Audited Financial Statements

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 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) Ordinary Resolutions 1 and 2 – Directors' Fees and Benefits Payable To Non-Executive Directors

Section 230(1) of the Companies Act 2016, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Company is seeking shareholders' approval for the increase of Directors' fees payable to the Non-Executive Directors ("NED") of the Company up to an amount of RM1,100,000 from 1 April 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears; and the Directors' benefits payable to the NED of the Company up to an amount of RM200,000 from 1 April 2017 until the next Annual General Meeting of the Company.

Ordinary Resolution 1 – Directors' Fees

The Company had obtained the Shareholders' mandate at the Sixth Annual General Meeting of the Company held on 27 May 2014 for the increase of Directors' fees payable to the NED of the Company of an amount not exceeding RM600,000 per annum for the financial period ended 31 March 2015 and for each financial year thereafter.

In May 2017, the Remuneration Committee had conducted a review of the Directors' fees payable to the NED to determine the competitiveness of the NED's remuneration having regard to the level of responsibility, expertise and time commitment required from the NED, the Company's size, industry segment and complexity of operations.

The proposed increase of Directors' fees also takes into account any future increases in NED, increase in the number of NED serving the Board Committees or the introduction of new Board Committees requiring the participation of NED or the appointment of new women NED in line with the Government's policy on gender diversity. The proposed increase of Directors' fees is in accordance with Article 96 of the Articles of Association of the Company.

The Board subsequently approved the Remuneration Committee's recommendation for the increase of the Directors' fees payable to the NED of the Company up to an amount of RM1,100,000 from 1 April 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears.

Ordinary Resolution 2 – Directors' Benefits

The proposed Directors' benefits payable to the NED of the Company comprise of meeting allowance and other benefits.

The estimated amount of Directors' benefits payable is based on the size of the Board and Board Committees and the number of scheduled Board and Board Committees meetings for the period from 1 April 2017 until the next Annual General Meeting of the Company.

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

C) 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 (B) and Mr Yee Kim Shing @ Yew Kim Sing who are seeking for re-appointment as Directors of the Company and Dato' Wan Mohd Safiain bin Wan Hasan who is seeking for re-election in accordance with Article 126 of the Articles of Association of the Company at the Ninth Annual General Meeting of the Company.

The Board is satisfied that they meet the criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance 2012.

D) Ordinary Resolutions 7, 8 and 9 – Re-appointment of Directors

With the Companies Act, 2016 came into operation on 31 January 2017, there is no age limit to act as Directors in a public listed company.

Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B), Mr Yee Kim Shing @ Yew Kim Sing and Mr Raghbir Singh a/l Hari Singh who are over the age of 70, were re-appointed pursuant to Section 129(6) of the Companies Act, 1965 at the Eighth Annual General Meeting of the Company will hold office until the conclusion of the Ninth Annual General Meeting, have offered themselves for re-appointment as Directors of the Company at the Ninth Annual General Meeting.

The proposed Ordinary Resolutions 7, 8 and 9, if passed, will enable Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B), Mr Yee Kim Shing @ Yew Kim Sing and Mr Raghbir Singh a/l Hari Singh to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

E) Special Business

Ordinary Resolution 11 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The existing general mandate for the authority to issue and allot shares was approved by the shareholders of the Company at the Eighth Annual General Meeting held on 27 July 2016. As at the date of this Notice, the Company did not issue any new shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 11, if passed, will empower the Directors pursuant to Sections 75 and 76 of the Companies Act, 2016, from the conclusion of this Annual General Meeting, to issue and allot shares in the Company provided that the aggregate number of shares issued does not exceed 10% of the total number of issued share capital of the Company at the time of 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 NINTH ANNUAL GENERAL MEETING (CONT'D)

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 Ninth 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 Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note E of the Notice of Ninth 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 Ninth Annual General Meeting of the Company to be held at Cindai Ballroom, Cyberview Resort & Spa, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 13 September 2017 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 approve the increase of Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from 1 April 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears.		
2.	To approve the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from 1 April 2017 until the next Annual General Meeting of the Company.		
3.	To re-elect Dato' Wan Mohd Safiain bin Wan Hasan as Director of the Company		
4.	To re-elect Datuk Haji Abu Hanifah bin Noordin as Director of the Company		
5.	To re-elect Puan Talya Zholeikha binti Abu Hanifah as Director of the Company		
6.	To re-elect Encik Md Diah bin Ramli as Director of the Company		
7.	To re-appoint Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (B) as Director of the Company		
8.	To re-appoint Mr Yee Kim Shing @ Yew Kim Sing as Director of the Company		
9.	To re-appoint Mr Raghbir Singh a/l Hari Singh as Director of the Company		
10.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration		
11.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

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 2017

.....
Signature of Shareholder or Common Seal

Contact No.



Fold this flap for sealing

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, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
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.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or the hand of its attorney or duly authorised officer.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar's office, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend, speak and vote at this Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68 of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 6 September 2017. Only a depositor whose name appears on the Record of Depositors as at 6 September 2017 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the Ninth Annual General Meeting of the Company shall be put to vote by way of a poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the Ninth Annual General Meeting of the Company.

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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")

PERSONAL DATA PROTECTION NOTICE (CONT'D)

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.

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-ejennya 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-ejennya secara langsung, Syarikat atau ejen-ejennya 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-ejennya 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-ejennya 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")

NOTIS PERLINDUNGAN DATA PERIBADI (SAMB')

Walau bagaimanapun, jika ahli(-ahli) tidak membekalkan Syarikat atau ejen-ejennya dengan data peribadi tersebut, Syarikat atau ejen-ejennya 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-ejennya 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.

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.

www. **datasonic**.com.my

Level 6, Bangunan Setia 1,
No.15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA

Tel : 603-2087 6000
Fax: 603-2094 3600