

In FYE2019, the division's revenue declined by 4.3% to RM134.78 million from RM140.78 million reported last year due to a decline in the travel documents subsegment where the expiry of a major supply contract in the last financial year had significantly weighed in on the division's topline performance despite strong performance in the transport and confidential documents subsegments.

PBT, however, was up by 34.0% to RM30.56 million compared to the RM22.81 million recorded last year as a result of sales mix, higher write back of certain provisions as well as lower direct costs and depreciation.

The share of results of associate company Giesecke & Devrient Malaysia Sdn Bhd ("G&D") increased to RM3.73 million from RM1.70 million last year. G&D achieved higher revenue and PBT of RM184.08 million and RM17.67

million, an improvement by 11.9% and 52.7% respectively.

The division's trade receivables decreased 16.0% y-o-y to RM68.17 million. A significant amount of the trade receivables arise from customers with whom the division has had a long-term relationship and therefore the Board is of the view there is no significant concentration of credit risk and that the receivables are collectable.

The transport and confidential documents subsegments continued to show improvement in revenue growth, albeit modest, cumulatively generating approximately RM102.07 million in revenue, an increase of 0.4% over the prior year. Certain strategic contracts within these product subsegments have been successfully extended during the year. Transport and confidential documents are now the division's largest revenue segment groups, albeit all with

different margin structures. We view these segments groups as potential long-term growth drivers and we are investing strategically to foster this incremental growth opportunity. Except for travel documents, results of the other product segments have remained relatively stable and are comparable to last year. Likewise, we expect their activity and performance in this current year will be sustained at FYE2019 levels.

During the year under review, the Company had announced that its wholly-owned subsidiary Percetakan Keselamatan Nasional Sdn Bhd ("PKN"), had commenced legal action against Datasonic Technologies Sdn. Bhd. ("DTSB") at the Kuala Lumpur High Court. The claim is for a sum of RM24,975,000.00 (excluding interest and cost) being the amount due and owing by the DTSB to PKN for the 1.5 million Malaysian passport booklets which

Manufacturing Business Model

