THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your shares in DGB Asia Berhad *(formerly known as DSC Solutions Berhad)* ("**DGB**" or the "**Company**"), you should immediately hand this AP together with the Notice of Provisional Allotment ("**NPA**") and Rights Subscription Form ("**RSF**") (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants (as defined herein) to our share registrar, ShareWorks Sdn Bhd ("**Share Registrar**") at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The Documents are only despatched to our shareholders ("**Entitled Shareholders**") whose names appear in our Record of Depositors as at 5.00 p.m. on 2 April 2015 ("**Entitlement Date**") at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company nor TA Securities Holdings Berhad ("**TA Securities**") shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renouncee/transferee (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 3 March 2015. Bursa Malaysia Securities Berhad ("**Bursa Securities**") had vide its letter dated 26 January 2015 approved the admission of the Warrants (as defined herein) to the official list and the listing of and quotation for the Rights Shares (as defined herein), Warrants and the new DGB Shares (as defined herein) to be issued upon the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. The listing of and quotation for the Rights Shares, Warrants and new DGB Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncees/transferees (if applicable).

Our directors ("**Directors**") have seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No. 721605-K)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 355,160,000 NEW ORDINARY SHARES OF RM0.10 EACH IN DGB ("DGB SHARES" OR "SHARES") ("RIGHTS SHARES") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING DGB SHARE HELD AS AT 5.00 P.M. ON 2 APRIL 2015 AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE, TOGETHER WITH UP TO 266,370,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF THREE (3) WARRANTS FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED FOR

Adviser

TA SECURITIES
A MEMBER OF THE TA GROUP
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME		
Entitlement date	:	Thursday, 2 April 2015 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Thursday, 9 April 2015 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Tuesday, 14 April 2015 at 4.00 p.m.
Acceptance and payment	:	Friday, 17 April 2015 at 5.00 p.m.*
Excess application and payment	:	Friday, 17 April 2015 at 5.00 p.m.*

* or such later date and time as our Directors may decide at their absolute discretion and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 2 April 2015

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

"5D-VWAP"	:	Five (5)-day volume weighted average market price
"Act"	:	Companies Act, 1965 as amended, modified or re-enacted from time to time
"Additional Allowable Options"	:	14,580,000 outstanding options to be granted that may be exercisable into 14,580,000 DGB Shares prior to the Entitlement Date
"AIDC"	:	Automatic Identification and Data Capture
"Announcement"	:	The announcement of the Rights Issue of Shares with Warrants and Increase in Authorised Share Capital dated 10 September 2014
"AP"	:	This Abridged Prospectus issued by our Company dated 2 April 2015
"ASEAN"	:	Association of Southeast Asian Nations
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia
"Board"	:	Our Board of Directors
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Business Expansion Plan"	:	Expansion plan to Thailand and Vietnam
"CAGR"	:	Compounded annual growth rate
"CDS"	:	Central Depository System
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time
"Dato' Dr. Pang"	:	Dato' Dr. Pang Chow Huat
"Deed Poll"	:	The document constituting the Warrants dated 19 March 2015
"DGB" or "Company"	:	DGB Asia Berhad *(formerly known as DSC Solutions Berhad)*
"DGB Group" or "Group"	:	DGB and our subsidiaries, collectively
"DGB Shares" or "Shares"	:	Ordinary shares of RM0.10 each in our Company
"Directors"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting of our Company held on 3 March 2015
"Entitled Shareholders"	:	Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date

DEFINITIONS (*CONT'D*)

"Entitlement Date"	:	2 April 2015 at 5.00 p.m. being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
"EPP"	:	Entry point project, which were put in place to drive the performance of the national key economic areas
"EPS"	:	Earnings per DGB Share
"FYE"	:	Financial year ended 30 September
"GDP"	:	Gross domestic product
"GP"	:	Gross profit
"HKD"	:	Hong Kong Dollar
"ICT"	:	Information and communications technology
"ICT Masterplan"	:	ASEAN ICT Masterplan 2015
"IDA"	:	Infocomm Development Authority of Singapore
"Increase in Authorised Share Capital"	:	Increase in the authorised share capital of our Company from RM25,000,000 comprising 250,000,000 DGB Shares to RM100,000,000 comprising 1,000,000,000 DGB Shares and in consequence thereof, clause 6 of the Memorandum of Association of our Company be amended accordingly which took effect on 3 March 2015
"IRIS"	:	IRIS Corporation Berhad
"Issue Price"	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.11 per Rights Share
"IT"	:	Information technology
"JAKIM"	:	Jabatan Kemajuan Islam Malaysia
"LAT"	:	Loss after tax
"LBITDA"	:	Loss before interest, taxation, depreciation and amortisation
"LBT"	:	Loss before tax
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	11 March 2015, being the latest practicable date prior to the registration of this AP
"LPS"	:	Loss per DGB Share
"Market Day"	:	A day on which the stock market of Bursa Securities is open for trading in securities
"Maximum Scenario"	:	A scenario assuming all of the Additional Allowable Options are granted and exercised prior to the Entitlement Date and all Entitled Shareholders fully subscribe for their entitlements of the Rights Shares with Warrants
"MCMC"	:	Malaysian Communications and Multimedia Commission

DEFINITIONS (*CONT'D*)

"Minimum Scenario"	:	A scenario assuming none of the Additional Allowable Options is granted and exercised prior to the Entitlement Date and only Dato' Dr. Pang subscribes for 67,800,000 Rights Shares with Warrants pursuant to the Undertaking under the Minimum Subscription Level
"Minimum Subscription Level"	:	Minimum level of subscription of 67,800,000 Rights Shares together with 50,850,000 Warrants pursuant to the Undertaking
"MNC"	:	Multinational companies
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
"NTA"	:	Net tangible assets
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Price Fixing Date"	:	19 March 2015, being the date on which the Issue Price of the Rights Shares were determined and announced
"Principal Adviser"	:	Any person who is eligible to act as principal adviser under the Principal Adviser Guidelines issued by the SC
"Private Placement"	:	A private placement exercise with the listing of and quotation for the 14,280,000 DGB Shares on the ACE Market of Bursa Securities which was completed on 10 July 2014
"Puchong Office"	:	A rented office unit in Puchong, Selangor by our Group
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"RFID"	:	Radio frequency identification
"Rights Issue of Shares with Warrants"	:	Renounceable rights issue of up to 355,160,000 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing DGB Share held at the Entitlement Date, together with up to 266,370,000 Warrants on the basis of three (3) Warrants for every four (4) Rights Shares subscribed for
"Rights Shares"	:	Up to 355,160,000 new DGB Shares to be issued pursuant to the Rights Issue of Shares with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
"Rules of Bursa Depository"	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollar
"Share Registrar"	:	ShareWorks Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"SIRIM"	:	SIRIM Berhad

DEFINITIONS (*CONT'D*)

"SIS"	:	Share issuance scheme
"SIS Options"	:	Options to be issued pursuant to the SIS
"Smartag"	:	SMTrack Berhad *(formerly known as Smartag Solutions Berhad)*
"SME"	:	Small medium enterprises
"TA Securities"	:	TA Securities Holdings Berhad
"TEAP"	:	Theoretical ex-all price
"TERP"	:	Theoretical ex-rights price
"Undertaking"	:	Irrevocable and unconditional written undertaking from Dato' Dr. Pang that he will not dispose any of his DGB Shares following the Announcement up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his entitlement of 12,000,000 Rights Shares with 9,000,000 Warrants. In addition, Dato' Dr. Pang has undertaken that he will subscribe for 55,800,000 excess Rights Shares with Warrants, which are not subscribed by other shareholders of our Company pursuant to the Minimum Subscription Level
"US"	:	United States
"USD"	:	US Dollar
"Warrants"	:	Up to 266,370,000 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

All references to "**our Company**" and/or "**DGB**" in this AP are to DGB Asia Berhad *(formerly known as DSC Solutions Berhad)*. References to "**our Group**" and/or "**DGB Group**" are to DGB and our subsidiaries and references to "**we**", "**us**" "**our**" and "**ourselves**" are to DGB and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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APPENDICES

Company No. 721605-K

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Dato' Sri Ahmad Said bin Hamdan *(Independent Non-Executive Chairman)*	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	62	Malaysian	Company Director
Dato' Dr. Pang Chow Huat *(Managing Director)*	No. 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor Darul Ta'zim	41	Malaysian	Company Director
Kua Khai Shyuan *(Executive Director)*	No. 4, Jalan Pahlawan 1/1 Taman Titiwangsa 86000 Kluang Johor Darul Ta'zim	31	Malaysian	Company Director
Muhammad Radhi bin Azizan *(Independent Non-Executive Director)*	D1-U1-9, Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur	28	Malaysian	Company Director
Ong Tee Kein *(Independent Non-Executive Director)*	No. 85, Medan Athinahapan Dua Taman Tun Dr. Ismail 60000 Kuala Lumpur	58	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ong Tee Kein	Chairman	Independent Non-Executive Director
Dato' Sri Ahmad Said bin Hamdan	Member	Independent Non-Executive Chairman
Muhammad Radhi bin Azizan	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Tea Sor Hua (MACS 01324)
Yong Yen Ling (MAICSA 7044771)
Third Floor, No. 79 (Room A)
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7728 4778
Fax. no. : 03-7722 3668

CORPORATE DIRECTORY (*CONT'D*)

REGISTERED OFFICE	:	Third Floor, No. 79 (Room A) Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7728 4778 Fax. no. : 03-7722 3668
HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	Block B-2-1 IOI Boulevard Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. no. : 03-8079 0133 Fax. no. : 03-8079 0155 Website : dsc.com.sg E-mail address : enquiry@dsc.com.my
SHARE REGISTRAR	:	ShareWorks Sdn Bhd 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel. no. : 03-6201 1120 Fax no. : 03-6201 3121
AUDITORS AND REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Messrs. SJ Grant Thornton Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel. no. : 03-2692 4022 Fax no. : 03-2732 5119
SOLICITORS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Messrs. Iza Ng Yeoh & Kit Advocates & Solicitors Suite 13.08, 13th Floor, Plaza 138 No. 138, Jalan Ampang 50450 Kuala Lumpur Tel. no. : 03-2182 8138 Fax no. : 03-2182 8148
PRINCIPAL BANKER	:	Malayan Banking Berhad No. 136 & 137, Jalan Senai Utama 5/17 Taman Senai Utama 81400 Senai, Johor Darul Takzim Tel no. : 07-598 7233 Fax no.: 07-598 2533
ADVISER FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax no. : 03-2026 0127
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No. 721605-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Third Floor, No. 79 (Room A)
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

2 April 2015

Our Board of Directors:

Dato' Sri Ahmad Said bin Hamdan *(Independent Non-Executive Chairman)*
Dato' Dr. Pang Chow Huat *(Managing Director)*
Kua Khai Shyuan *(Executive Director)*
Muhammad Radhi bin Azizan *(Independent Non-Executive Director)*
Ong Tee Kein *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE OF SHARES WITH WARRANTS

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1. INTRODUCTION

Our shareholders had, at the EGM held on 3 March 2015 approved the Rights Issue of Shares with Warrants.

A certified true extract of the resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in the Appendix I of this AP.

Bursa Securities has vide its letter dated 26 January 2015 approved the following:

(i) listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue of Shares with Warrants;

(ii) admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Rights Issue of Shares with Warrants; and

(iii) listing of and quotation for the new DGB Shares to be issued pursuant to the exercise of the Warrants,

on the ACE Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares with Warrants;	To be complied
(b)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied
(c)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares with Warrants is completed; and	To be complied
(d)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 19 March 2015, TA Securities had on our behalf announced that our Board has fixed the issue price of the Rights Shares at RM0.11 per Rights Share and the exercise price of the Warrants of RM0.11 per Warrant.

On 19 March 2015, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 2 April 2015 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of Shares with Warrants.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

The Rights Issue of Shares with Warrants entails the issuance of up to 355,160,000 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing DGB Share held, together with up to 266,370,000 Warrants on the basis of three (3) Warrants for every four (4) Rights Shares subscribed by the Entitled Shareholders at an issue price of RM0.11 per Rights Share.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis specified under Section 3.7 herein. The entitlements for the Rights Shares with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue of Shares with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their Rights Shares subscribed. Any unsubscribed Rights Shares with Warrants shall be offered to other Entitled Shareholders and/or their renouncees/transferees (if applicable) under the excess Rights Shares with Warrants application.

In determining shareholders' entitlements to the Warrants under the Rights Issue of Shares with Warrants, fractional entitlements, if any , shall be disregarded, and shall be dealt with by our Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renouncee/transferee, if applicable. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board had on 19 March 2015 fixed the Issue Price after taking into consideration the following:

(a) the TEAP of DGB Shares of RM0.1169 based on the 5D-VWAP of DGB Shares up to and including 18 March 2015 (being the last trading date immediately preceding the Price Fixing Date) of RM0.1412 and the exercise price of Warrants of RM0.11;

(b) a discount to the TEAP of DGB Shares (based on the 5D-VWAP of DGB Shares immediately preceding the Price-Fixing Date) of RM0.0069 or 5.93%;

(c) the prevailing market sentiments including the condition of the Malaysian capital market which was stable at the point of price fixing;

(d) the par value of DGB Shares of RM0.10 each; and

(e) the funding requirements of our Group, details of which are set out in Section 5 of this AP.

(ii) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the Rights Shares, and are exercisable into new DGB Shares. Each Warrant will entitle its holder to subscribe for one (1) DGB Share at the exercise price of RM0.11 per Warrant.

The exercise price of the Warrants at RM0.11 per Warrant was determined and fixed by our Board on 19 March 2015 after taking into consideration the following:

(a) the TERP of DGB Shares of RM0.1204 based on 5D-VWAP of DGB Shares up to and inclusive of 18 March 2015 of RM0.1412;

(b) a discount to the TERP of DGB Shares (based on the 5D-VWAP of DGB Shares immediately preceding the Price-Fixing Date) of RM0.0104 or 8.64%;

(c) the prevailing market sentiments including the condition of the Malaysian capital market which was stable at the point of price fixing; and

(d) the par value of DGB Shares of RM0.10 each.

2.2 Ranking of the Rights Shares and the new DGB Shares arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new DGB Shares.

The Rights Shares and the new DGB Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing DGB Shares, save and except that the Rights Shares and the new DGB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new DGB Shares arising from the exercise of the Warrants.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms		**Details**
Issue size	:	Up to 266,370,000 Warrants.
Form and denomination	:	The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time during the tenure of the Warrants of three (3) years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	:	The exercise price of the Warrants has been fixed at RM0.11 each, subject to adjustments in accordance with the provisions of the Deed Poll.
Expiry date	:	The day falling three (3) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new DGB Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's Share Registrar, duly completed, signed and stamped together with payment of the exercise price for the new DGB Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.

Board lot	:	For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new DGB Shares at any time during the exercised period, or such other denomination as determined by Bursa Securities from time to time.
Adjustments in the exercise price and/or number of the Warrants	:	The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in consultation with the auditors or a Principal Adviser and certified by the auditors or the Principal Adviser in accordance with the provisions of the Deed Poll.
Provision for changes in the terms of the Warrants	:	Any modification to the Deed Poll (including the form and content of the warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental hereto, and only if the requirement of Condition 6 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).
Rights of the Warrants	:	The new DGB Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new DGB Shares upon the exercise of the Warrants. The Warrants holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new DGB Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding up of our Company or there is a compromise, reconstruction and/or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, compromise, reconstruction and/or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purposes by a special resolution) shall be a party, the terms of such winding up, compromise, reconstruction and/or arrangement shall be binding on all the Warrants holders; and

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(ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the compromise, reconstruction and/or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise, reconstruction and/or arrangement, exercised the exercise rights to the extent specified in the exercise form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation if he/she had on such date been the holder of the new Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Listing status : The Warrants will be quoted, listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new DGB Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

Governing law : The laws of Malaysia.

2.4 Minimum subscription level and undertaking

The Rights Issue of Shares with Warrants will be implemented on a minimum level of subscription of 67,800,000 Rights Shares together with 50,850,000 Warrants. Based on the issue price of RM0.11 per Rights Share, we will raise minimum gross proceeds of approximately RM7.46 million from the Rights Issue of Shares with Warrants.

The minimum gross proceeds of RM7.46 million to be raised was determined by our Board after taking into consideration, amongst others, the funding requirements of our Group and our ability to raise financing.

To meet the Minimum Subscription Level, our Company has obtained a written unconditional and irrevocable undertaking from our shareholder, namely Dato' Dr. Pang that he will not dispose any of his DGB Shares up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his entitlement of the Rights Shares with Warrants. In addition, Dato' Dr. Pang has undertaken that he will subscribe for 55,800,000 excess Rights Shares with Warrants which are not subscribed for by the other shareholders of our Company pursuant to the Minimum Subscription Level.

Details of the Undertaking are as follows:

	As at the LPD		**Rights Shares Entitlement**		**Excess Rights Shares**	
	No. of DGB Shares held	**%**	**No. of Rights Shares**	**%[(1)]**	**No. of Rights Shares**	**%[(1)]**
Dato' Dr. Pang	6,000,000	3.68	12,000,000	17.70	55,800,000	82.30

Note:

(1) Based on the Minimum Subscription Level.

Dato' Dr. Pang has confirmed that he has sufficient financial resources to subscribe for his entitlements as mentioned above pursuant to the Undertaking. As the adviser for the Rights Issue of Shares with Warrants, TA Securities has verified that Dato' Dr. Pang has sufficient financial resources to fulfil his commitment pursuant to the Undertaking.

As the Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level, no underwriting will be made for the Rights Shares with Warrants under the Rights Issue of Shares with Warrants.

Our Company confirms that the Undertaking will not give rise to any consequence of mandatory general offer obligation pursuant to the Code immediately after the Rights Issue of Shares with Warrants. However, should Dato' Dr. Pang exercise his Warrants, resulting in his shareholding in our Company increasing above thirty-three percent (33%) or increasing by more than two percent (2%) in any six (6) months period in the event that his shareholdings in our Company is above thirty-three percent (33%) but not more than fifty percent (50%), he will be obliged under Part III of the Code to undertake a mandatory general offer for all the remaining DGB Shares not already held by him after the exercise of the Warrants.

Dato' Dr. Pang does not intend to undertake a mandatory general offer to acquire all the remaining DGB Shares not already held by him after the exercise of the Warrants and has given confirmation to observe and comply at all times with the provisions of the Code.

2.5 Details of other corporate exercises

Save for the Rights Issue of Shares with Warrants, our Board is not aware of any outstanding corporate proposal which has been announced but pending completion as at the LPD.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 17 April 2015**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedure for full acceptance and payment by Entitled Shareholders and renouncees/transferees

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees/transferees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or from the Bursa Securities' website at http://www.bursamalaysia.com and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renouncees/transferees who wish to accept the provisional Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND** at the following address:

ShareWorks Sdn Bhd
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

Tel. no.: 03-6201 1120
Fax no.: 03-6201 3121

so as to arrive **not later than 5.00 p.m. on 17 April 2015**, being the last time and date for acceptance of and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renouncee/transferee (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Successful applicants of the Rights Shares will be given the Warrants on the basis of three (3) Warrants for every four (4) Rights Shares successfully subscribed for. The minimum number of security that can be subscribed for or accepted is two (2) Rights Shares for every one (1) existing DGB Share held. Fractions of a Warrant arising from the Rights Issue of Shares with Warrants will be disregarded and shall be dealt with by our Board as it may deem fit, expedient and in the best interest of our Company.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 17 April 2015**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com or our Share Registrar at the address stated above.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "DGB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance by Entitled Shareholders and renouncees/transferees

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this AP.

The portion of the provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.4 of this AP for the procedure of acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.7 Procedure for application of excess Rights Shares with Warrants

You and/or your renouncees/transferees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 17 April 2015**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "DGB EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application;

(iv) fourthly, on a pro-rata basis and in board lots, to our transferees and/or renouncees who have applied for excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application; and

(v) lastly, in the event that there are still unsubscribed Rights Shares with Warrants after allocating all the excess Rights Shares with Warrants, the remaining unsubscribed Rights Shares with Warrants will be subscribed by our Director and shareholder, namely Dato' Dr. Pang, pursuant to his irrevocable and unconditional written undertaking for additional 55,800,000 excess Rights Shares with Warrants.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in Section 3.7 (i) to (v) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

3.8 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renouncees/transferees (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants shall be irrevocable and cannot be withdrawn subsequently.

3.9 Form of issuance

Bursa Securities has prescribed that our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.8.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.7 of this AP.

3.10 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants.

By accepting the provisionally allotted Rights Shares with Warrants and signing the RSF, the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

(i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees/transferees (if applicable) is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and

(vi) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

Our Group has been incurring losses since the FYE 2010 and taking cognisance of this, our Board has considered various avenues to improve our Group's financial performance. Please refer to Sections 7.4 and 9.1 of this AP on the details of our Group's plan to address our current financial performance.

After due consideration of the various methods of fund raising available for the purposes as stated in Section 5 of this AP, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate avenue after taking into consideration the following:

(i) it allows our Company to raise capital without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments. This will allow our Company to preserve cash flow for re-investment and/or operational purpose;

(ii) it enhances the cash flow of our Group and enables our Group to fund our capital expenditure and working capital requirements which is expected to contribute positively to the future earnings of our Group and improve our financial performance;

(iii) it involves the issuance of new DGB Shares at a discount to the TEAP of DGB Shares (based on the 5D-VWAP of DGB Shares immediately preceding the Price Fixing Date) without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertaking allows our shareholder to extend his support for the Rights Issue of Shares with Warrants which will facilitate our Group to raise the necessary funds;

(iv) it provides an opportunity for our existing shareholders to increase their equity participation in our Company at a discount to the prevailing market price for the DGB Shares from the subscription of the Rights Shares with Warrants;

(v) the Warrants will increase the attractiveness of the Rights Issue of Shares with Warrants by providing an incentive to our shareholders to subscribe for their entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants, depending on the future performance of the DGB Shares; and

(vi) the Warrants will enable us to raise further proceeds from the equity market as and when any of the Warrants are exercised while at the same time provide our shareholders with the opportunity to increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants.

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5. UTILISATION OF PROCEEDS

Based on the Issue Price, the gross proceeds of up to approximately RM39.07 million from the Rights Issue of Shares with Warrants will be utilised in the following manner based on the scenarios as illustrate below:

Descriptions	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)
Business Expansion Plan	*(1)*	300	3,300	Within 18 months
Working capital	*(2)*	6,708	29,818	Within 18 months
Capital expenditure	*(3)*	-	5,500	Within 18 months
Estimated expenses in relation to the corporate exercises	*(4)*	450	450	Within 2 weeks
Total estimated proceeds		**7,458**	**39,068**	

Notes:

(1) The allocation of the proceeds of the Rights Issue of Shares with Warrants for the Business Expansion Plan is as follows:

Countries	Minimum Scenario RM'000	Maximum Scenario RM'000
Thailand	150	1,650
Vietnam	150	1,650
	300	3,300

Currently, our Group sells our products which include AIDC equipment such as barcode printers, label printers, card printers, scanner and RFID devices in Thailand and Vietnam via the local solution partners.

Our Group intends to rent and set up a distribution cum marketing centre in each of the said countries via setting up of subsidiaries and/ or joint venture companies with the local solution partners. The distribution cum marketing centre in Thailand is expected to be located in Bangkok with a built-up area of approximately 2,100 square feet while the distribution cum marketing centre in Vietnam is expected to be located in Ho Chi Minh City with a built-up area of approximately 1,200 square feet. These distribution cum marketing centres will enable our Group to have a better control and management on the sale of our products in the respective countries.

Our management is of the opinion that the demand of our products which can be bundled with the RFID system and/or separately sold will increase in conjunction with the rapid growth and development of economy in Thailand and Vietnam considering that these products are widely used to support the growth of the countries such as:

(i) identification and tracking process in the agricultural industry via enclosing labelling, barcode tag and/or RFID tag on the livestock, grain, corn, soybeans, wheat and other agricultural products;

(ii) security and efficiency in the service industry such as hotel and government sector. For example, automatic detection of goods in customs checkpoint as well as provide access control to hotel, toll, office and etc;

(iii) data accuracy, products segregation process and mitigate error and mistake made. For example, tracing and tracking the input for operation in manufacturing sector, recording and segregate the stock and identifying the pricing of goods for retailer;

(iv) efficiency of data processing and identification with the usage of AIDC equipment such as smart card application, ATM services and passport readers to accommodate the growing population in Thailand and Vietnam; and

(v) operation of aviation industry such as mitigate the risk of mishandled and lost baggage, improve the timeline and accuracy of passenger ticketing, improve the security process and improve asset-tracking system.

The total estimated expenses for the Business Expansion Plan of approximately RM1.53 million are as follows:

Expenses	**(RM'000)**
Thailand	
- Product costs	600
- Staff salaries	24
- Rental	84
- Cost of incorporating and subscription of new shares in a subsidiary and/or a joint venture company	1
- Value added tax	2
- Utilities and others	10
- Transportation costs	9
- Marketing costs	45
Vietnam	
- Product costs	600
- Staff salaries	28
- Rental	76
- Cost of incorporating a subsidiary and/or a joint venture company	Neg
- Utilities and others	15
- Transportation costs	8
- Marketing costs	30
Total	**1,532**

The above is expected to be funded by the following:

	Minimum Scenario (RM'000)	**Maximum Scenario (RM'000)**
Proceeds to be raised from the Rights Issue of Shares with Warrants	300	1,532[(1)]
Internally generating funds/bank borrowings	1,232	-
Total	**1,532**	**1,532**

Notes:

Neg Negligible

(1) The surplus of proceeds which may be raised under the Maximum Scenario from the Rights Issue of Shares with Warrants of approximately RM1.77 million (if any) will be utilised for our Group's working capital such as custom duties, professional fees, insurance expenses, etc in the respective countries of which the breakdown cannot be determined at this juncture.

Our Group intends to set up the distribution cum marketing centres in the said countries within six (6) months upon receiving the proceeds from the Rights Issue of Shares with Warrants. The Business Expansion Plan is expected to be completed within two (2) years after receiving the proceeds from the Rights Issue of Shares with Warrants. As at the LPD, our Group has yet to commence the Business Expansion Plan pending the completion of the Rights Issue of Shares with Warrants.

(2) The working capital includes the following:

Working capital	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000
Employees' salaries, wages and emoluments	(i)	550	2,000
Selling and distribution expenses	(ii)	400	2,800
Marketing and advertisement expenses	(iii)	300	5,000
Utilities and sundry expenses	(iv)	500	1,500
Purchase of inventories	(v)	4,558	16,218
Lodging and transportation costs	(vi)	-	1,200
Others	(vii)	400	1,100
Total		**6,708**	**29,818**

(i) Currently our Group has 35 staff and intends to increase our labour force to approximately 80 staff in order to cope with our Business Expansion Plan. As such, the proceeds arising from the Rights Issue of Shares with Warrants will be utilised to fund the additional 45 staff and additional cost of existing staff such as overtime claim due to longer working hours as and when required, to facilitate our Business Expansion Plan.

(ii) Comprise distribution costs to local and overseas markets such as rental and cost of setting up a new outlet in each of the countries which our Group is operating in and logistic and handling costs for delivery of our Group's products to our customers. Our overseas markets include Singapore, Thailand, Vietnam, the Philippines, Indonesia and Myanmar.

(iii) Comprise various marketing and advertisement expenses which include advertisement costs in the magazines, newspaper and other media advertisement, cost of establishing exhibitions and seminars to promote our Group's products.

(iv) Comprise water, electricity and sundries expenses for the showroom and administrative department of our Group. These expenses are expected to increase accordingly with the increase of number of staff and the set-up of additional showroom in the future.

(v) The purchase of inventories includes amongst others, barcode printers, label printers, card printers, cartridge, card, label, ATM and passport reader. The purchase of inventories is to meet the demand from our existing business and Business Expansion Plan as and when it is required considering there is no long term contracts available at this junction and all our sales are via purchase orders.

(vi) Comprise lodging and transportation costs for our Directors and marketing staffs to explore for new markets and attend meetings.

(vii) Comprise professional fees such as legal fees, secretarial fees, audit remuneration, listing fees and insurance expenses.

(3) The capital expenditure includes the following:

Details of utilisation	RM'000
Acquisition of property[(a)]	4,000
Renovation[(b)]	1,500
Total	**5,500**

(a) Currently, our Group is operating in Puchong Office with built-up size of approximately 1,000 square feet. Our rental expense of Puchong Office is approximately RM0.04 million per annum.

In view of the limited space of the Puchong Office and potential increase in number of staff to facilitate the Business Expansion Plan, our Group intends to acquire a property which will be set up as the headquarters, showroom and customer service centre of our Group.

As at the LPD, our Company is in the midst of exploring for a suitable property of approximately 6,000 to 8,000 square feet in Selangor. Upon the acquisition and the setting up of the headquarters, we will close down our Puchong Office and our staff from Puchong Office will be relocated to the new headquarters.

Our Company will make the relevant announcement and seek the approval from our shareholders on the above acquisition of property in due course if required, pursuant to the ACE Market Listing Requirements of Bursa Securities.

(b) Our Group intends to set up a showroom within the new property to display our new and existing products such as barcode printers, label printers, card printers, scanners and etc as well as to demonstrate and explain our products to our existing and potential customers. Our customers include players from various sectors such as services, government, banking, manufacturing and etc.

Meanwhile, part of the property will be utilised as customer support and service centre to serve our new and/or existing customers. Aside from providing solution for the customer enquiry and after sales repair and maintenance services which is currently provided by our Group, the customer support and service centre will enable our Group to conduct some classes to educate our customers on the usage and function of our products.

The total estimated expenses for the capital expenditure are approximately RM5.50 million. Our Group intends to fund the capital expenditure with the proceeds raised from the Rights Issue of Shares with Warrants under the Maximum Scenario. Any surplus or shortfall for the capital expenditure will be adjusted accordingly to/from the working capital of our Group. In the event the Rights Issue of Shares with Warrants is implemented under the Minimum Scenario, our Group will not proceed with the capital expenditure. We will continue to operate in our Puchong Office and rent additional office space as and when the number of our staff increases.

(4) The estimated expenses in relation to the corporate exercises which include the Increase in Authorised Share Capital consist of professional fees, fees payable to the relevant authorities, expenses to convene our EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the corporate exercises will be adjusted accordingly to/from the working capital of our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants are dependent on the actual number of Rights Shares to be issued. Any variation in the actual proceeds raised will be adjusted to/from the working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue of Shares with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as additional working capital of our Group.

The exact quantum of proceeds that may be raised by our Company pursuant to the exercise of the Warrants will depend upon the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for the working capital and/or capital expenditure of our Group of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

6. RISK FACTORS

You and/or your renouncees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

6.1 Risks relating to our business and industry

(i) Financial position

Our Group incurred an audited LAT attributable to the owners of our Company of RM5.11 million for the FYE 2014 and we have audited accumulated losses of RM9.04 million as at 30 September 2014. Resulting from these losses, the shareholders' equity position of our Group deteriorated to RM7.77 million as at 30 September 2014 which represents approximately 47.67% of our Company's issued and paid-up share capital of RM16.30 million.

Pursuant to Rule 8.04(2) of the Listing Requirements, where a listed corporation triggers any of the prescribed criteria stated in Guidance Note 3 of the Listing Requirements (which include *inter-alia*, the criteria that the shareholders' equity is twenty-five percent (25%) or less of the issued and paid-up share capital of the listed corporation) (**"GN3 Company"**), the listed corporation will be required to submit a regularisation plan to Bursa Securities and obtain Bursa Securities' approval to implement the plan within twelve (12) months from the date the listed corporation announces that it is a GN3 Company. Failure to comply with this obligation may result in the suspension of the trading of listed securities of such listed corporation or de-listing of the listed corporation or both. Should the financial performance of our Group continues to deteriorate, we may risk triggering the said prescribed criteria which can result in our Group being classified as an affected listed corporation pursuant to the Guidance Note 3 of the Listing Requirements.

Despite the utilisation of proceeds from the Rights Issue of Shares with Warrants in Section 5 of this AP, there can be no assurance that our Group will be profitable subsequent to the completion of the Rights Issue of Shares with Warrants and thereby, reduce the accumulated losses in the near future.

(ii) Business risks

The business operations of our Group are subject to certain risks inherent in the ICT and RFID industries. These may include amongst others, rapid changes in technological, the ability to response to the changes in the sentiments of the ICT and RFID industries, lower profit margins due to pricing competition, cost and changes in the laws, regulations and policies applicable to the ICT and RFID industries.

Although we seek to limit these risks through, inter-alia, practicing prudent management policies, staying abreast with the development, trends and directions of the industry, technology and our customers' future plans, maintaining long-term relationship with our suppliers and customers, reducing reliance on purchasing from a few suppliers, reducing reliance of distribution via our solution partners and continue to review our process and operations to improve efficiency and quality, no assurance that any changes to the said risk factors will not have material adverse effect on our Group's business and financial performance.

(iii) Competition risks

Our Group faces competition from both new and existing players in the ICT and RFID industries which offer similar products and services.

In view of the competitive market environment, we will leverage and sharpen our competitive edge by providing wider selection range of products, constantly guaranteeing quality and reliable products and services to our customers and offering competitive pricing to our customers. However, there can be no assurance that our Group will be able to compete effectively against our competitors and that competitive pressure will not materially and adversely affect our Group's business, operations, results and/or financial conditions.

(iv) There is no assurance that there would be no unauthorised use of our technologies

Our Directors are aware that there may be unauthorised attempts to copy or otherwise obtain and use our technologies, namely TrekNet in the ICT industry. The copyright protection accorded by the respective countries which we have business in such as Malaysian Copyright Act 1987 (as amended) in Malaysia, Copyright Act (Chapter 63) in Singapore, Copyright Act B.E 2537 (1994) in Thailand, Law No. 50/2005/QH11 and Law No. 36/2009/QH12 in Vietnam, Intellectual Property Code of the Philippines in the Philippines, Law of No. 19 of July 29, 2002 on Copyright in Indonesia and the Copyright Act of 1911 in Myanmar are subject to us being able to comply with the relevant regulations of the respective acts. There can be no assurance that we will be able to comply with the respective relevant regulations at all time to protect our technologies against unauthorised third party copying, use or exploitation, any which could have a material effect on our Group's business, operating results and financial condition.

Currently, our major operations are in Malaysia and Singapore. As at the LPD, there is no specific system of registration for copyright in Malaysia and there is no need to file for registration to get copyright protection in Singapore.

Our Directors have been safeguarding documentations, enforcing confidentiality clauses and encrypting source codes, in order to mitigate risk of misappropriation of our technologies. It is our Group's practice that there is no one personnel in the development stage knows the entire source code for the particular products or services of our Group. As such, without having the knowledge of the entire source code, the risk of unauthorised copy of our technologies by our staff will be mitigated.

However, despite our efforts to protect our intellectual property rights, there can be no assurance that there would be no authorised use or distribution of our technologies.

(v) Technology obsolescence

Our Group operates in a market where the products and services are prone to evolving industry standards and frequent new product introductions and enhancements. Our Group's future growth and success would depend on our ability to develop new products and services to meet the needs of our customers.

The development of new or enhanced products and services is a complex and uncertain process. Furthermore, we may also experience design, marketing and other difficulties that could delay or prevent the development of existing products and services and the introduction or marketing of new or enhanced products and services. Our businesses, operating results and financial conditions could be adversely affected if the competitors are able to develop new or enhanced products and services, on a timely manner and cost-effective basis that meet or best suit our customers' needs.

Our Group seeks to limit these risks by actively engaging in research and development activities that focuses on developing new products and services as well as enhancing our proprietary solutions. However, there can be no assurance that we would be able to develop new products and services on a timely manner and cost-effective basis. Such circumstances may in turn adversely affect our business operations and financial performance.

The risk is further mitigated as prior to the commencement of any projects, extensive and in-depth technological requirements and discussions would be held with our customers. These discussions would consider any foreseeable potential changes in the technology employed and to adjust the project scope accordingly.

(vi) Material defects liability

The ICT solutions which our Group develop and provide to our customers are important to ensure that the operations of our customers' business are carried out in a smooth manner. There would be potential risks such as loss of clients, adverse reaction from customers toward our Group and our products, negative publicity, additional expenditures to remedy problems and legal claims, should there be any material defects or errors in our Group's products.

The ICT solutions may suffer from various unforeseen problems such as system disruption mainly caused by virus attack or software malfunction, which may result in a disruption to our customers' operations in which event, unless immediately rectified, will result in a reputation and financial risk to our Group. Our Group provides our customers with a limited product warranty. For project sales, we normally give between one (1) to three (3) months warranty for the software portion whereas for the hardware portion, we will provide back to back warranty agreements in line to what was first agreed upon by the hardware suppliers. For sales of value added products, we provide warranty for all software and hardware that we supply.

(vii) Foreign currency risk

AIDC hardware such as barcode printers, label printers, card printers, scanners and RFID devices are normally included in our Group's integrated ICT solutions. Currently, our Group has been appointed as authorised distributor for various leading AIDC suppliers, which include Zebra Technologies International Inc., Polaroid (US), Screencheck (Europe) and Matica (Italy). The above mentioned products are obtained either in SGD, USD or RM and subsequently sold in SGD or USD in overseas markets or RM in Malaysia. As such, we are exposed to foreign exchange fluctuation risks. In view of this, our management constantly monitors our Group's foreign currency exposure and reviews our Group's need to hedge. If the foreign currency exposure becomes substantial, we will consider hedging our position.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on our financial performance.

(viii) Political, economic and legislative considerations

Like all other business entities, adverse developments in political, economic, regulatory and social conditions could materially affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Much of the above changes are beyond our control. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group. The changes in the political, economic, regulatory and social conditions have not adversely impact our business and growth prospects as at the LPD.

(ix) Additional financing and fund raising

Our Directors opined that the cash flows from our operations and other existing sources of liquidity such as cash and bank balances and proceeds from the Rights Issues of Shares with Warrants will be sufficient to meet our Group's projected working capital and other cash requirements for at least twelve (12) months after the date of this AP. However, we may need to raise additional capital to fund our business operations and expansion of our business, the amount of which cannot be quantified at this juncture. We are unable to provide assurance that any additional funds needed will be available to us on favourable terms, or at all. There is also no assurance that our estimate of the anticipated liquidity needs is accurate or that new business development or other unforeseen events such as fire or floods which may affect our business and operations will not occur, resulting in the need to raise additional funds.

Nevertheless, our Directors believe that we would have the option of further tapping the debt capital market or further raising equity capital, if required. However, it is probable that raising additional funds via equity issues may result in a substantial dilution and reduce our EPS, if any, to existing investors while any additional debt funding will increase our gearing ratio.

(x) Expansion to foreign markets and its related risks thereon

Our Group has expanded into selected ASEAN countries such as Singapore and Thailand through the offering of our Group's products and services. However, such expansion could expose our Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues could affect our Group's business, financial conditions and operating results. However, prudence and careful planning have always been exercised by our Board to ensure our Group's expansion to other countries is carried out in accordance to our business plan.

(xi) Dependence on key personnel

Our Group believes that our continuing success will depend substantially upon the abilities and continued efforts of our existing Directors and senior management. The loss of key personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's operations and consequently, our revenue and profitability. Recognising the importance of the key management, our Group will continuously adopt appropriate approaches to retain the key personnel. To avoid over dependence on any key personnel, our Company strives to attract qualified and experienced employees, as well as to address the succession planning programme by grooming the junior employees to complement our management team. This will in turn help to ensure continuity and competency of our management team.

6.2 Risks relating to the Rights Issue of Shares with Warrants

(i) Investment risk

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of DGB Shares, the outlook for the ICT and RFID industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In view of this, there can be no assurance that the Rights Shares will trade above the Issue Price for the Rights Shares or TEAP upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of DGB Shares, and the remaining exercise period of the Warrants and the volatility of DGB Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or failure of the Rights Issue of Shares with Warrants

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of anyone or more of the following events:

(a) Force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership; or

(b) The Undertaking shareholder as set out in Section 2.4 of this AP who has provided the Undertaking is not able to fulfill his obligation for whatsoever reason, despite TA Securities has verified, to the extent possible, that the Undertaking shareholder has sufficient financial resources pursuant to his Undertaking.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncees/transferees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act, 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

(iii) Capital market risks

The performance of the local stock market is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. These factors invariably contribute to the volatility and the liquidity of Bursa Securities, thus adding risk to the market price of the Rights Shares and Warrants.

(iv) **Forward-looking statements**

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian and selected ASEAN economies

Currently, our products are mainly marketed in Malaysia and some of the ASEAN countries, which are Singapore, Thailand, Vietnam, the Philippines, Indonesia and Myanmar. As such, we have set out below the overview and outlook of the Malaysian and some of the ASEAN economies. The breakdown of our consolidated revenue by geographical segment (directly and indirectly) for the past three (3) financial years is as below:

	(Audited)					
	FYE 2012		**FYE 2013**		**FYE 2014**	
Countries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	3,016	18.61	3,815	28.27	5,191	56.98
Singapore	7,812	48.20	6,434	47.67	3,210	35.35
Hong Kong	2,070	12.76	597	4.42	-	-
Thailand	1,877	11.58	1,740	12.89	459	5.04
Vietnam	198	1.22	145	1.07	115	1.26
The Philippines	270	1.66	49	0.36	24	0.26
Indonesia	777	4.80	108	0.80	53	0.58
Myanmar	21	0.13	10	0.07	6	0.07
Others	168$^{(1)}$	1.04	598$^{(2)}$	4.43	42	0.46
	16,209	100.00	13,496	100.00	9,100	100.00
Less: Inter-company transactions	(3,595)		(1,935)		(300)	
Total	**12,614**		**11,561**		**8,800**	

Notes:

(1) Revenue from Brunei Darussalam (RM92,000 or 0.57% of revenue (before inter-company transactions)) and China (RM76,000 or 0.47% of revenue (before inter-company transactions)).

(2) Revenue from Brunei Darussalam (RM310,000 or 2.30% of revenue (before inter-company transactions)), China (RM162,000 or 1.20% of revenue (before inter-company transactions)), Brazil (RM88,000 or 0.65% of revenue (before inter-company transactions)) and Madagascar (RM38,000 or 0.28% of revenue (before inter-company transactions)).

Malaysia

The Malaysian economy recorded a stronger growth of 6.0% in 2014 (2013: 4.7%). Growth was driven by the continued strength in private domestic demand, and further lifted by the improvement in external trade performance. In particular, net exports turned around to contribute positively to growth in 2014 after seven consecutive years of negative contribution, as Malaysia's exports benefitted from the recovery in the advanced economies and continued demand from the region. This was reflected in a broad-based improvement in demand across markets and products, including the electrical and electronics products. As the growth of real exports of goods and services outpaced the growth of imports, net exports recorded a strong growth of 19.7% in 2014 (2013: -12.6%) and contributed 1.4 percentage points to the overall GDP growth.

Domestic demand remained the key driver of growth despite expanding at a more moderate pace of 6.0% during the year (2013: 7.4%). While private domestic demand remained strong, particularly in the first half of the year, public sector expenditure registered a slower growth, following the more moderate growth in public consumption and a decline in public investment.

Private consumption grew by 7.1% in 2014 (2013: 7.2%), supported by strong fundamental factors which helped mitigate the adverse impact from the rise in cost-driven inflation.

Public consumption recorded a slower growth of 4.4% in 2014 (2013: 6.3%). While spending on emoluments was sustained, growth of Government spending on supplies and services moderated during the year. In particular, the cost-cutting initiatives announced at the end of 2013 had resulted in lower discretionary spending, particularly on travel, food and beverages expenses and rental payments.

On the supply side, all economic sectors recorded higher growth in 2014, driven by domestic activities and the improvement in external trade performance.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, averaged at 3.2% in 2014 (2013: 2.1%), within the lower end of the Bank's forecasted range of 3 – 4%. Headline inflation continued its uptrend in the first three months of the year following the upward adjustments in administered prices in September 2013 and January 2014.

Malaysia's real GDP is forecasted to grow at 4.5% - 5.5% in 2015.

(Source: BNM Annual Report 2014, BNM)

Singapore

Singapore's economy expanded 3.6% during the first half of 2014 (January – June 2013: 2.8%) mainly driven by manufacturing activities.

The economy is expected to grow 3% for 2014 (2013: 3.9%), buoyed by a favourable external environment, particularly the strengthening of the US economy.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Singapore's real GDP is forecasted to grow at 3.5% in 2015.

(Source: BNM Annual Report 2014, BNM)

Thailand

In Thailand, GDP shrank 0.1% (January – June 2013: 4.2%) due to prolonged political turmoil in the first five months of 2014, slower growth of exports and continue decline in car production and sales.

Thailand's GDP is projected to grow by 1.5% - 2% in 2014 (2013: 2.9%) contributed by an expected pickup in factory output, exports, tourism and investment in the second half of the year.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Thailand's real GDP is forecasted to grow at 4.0% in 2015.

(Source: BNM Annual Report 2014, BNM)

Vietnam

In the first half of 2014, the GDP of Vietnam grew 5.2% (January – June 2013: 4.9%) mainly contributed by strong growth in the services as well as the industry and construction sectors.

Overall growth for 2014 is expected to improve slightly to 5.5% (2013: 5.4%)

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

The Philippines

The Philippines's GDP moderated to 6% during the first half of 2014 (January – June 2013: 7.8%), due to slower growth in the industry and services sectors.

Overall growth for 2014 is envisaged to remain strong at 6.2% (2013: 7.2%).

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

The Philippines' real GDP is forecasted to grow at 6.4% in 2015.

(Source: BNM Annual Report 2014, BNM)

Indonesia

Indonesia's GDP grew at a slower pace of 5.2% during the first half of 2014 (January – June 2013: 5.9%), the lowest level registered since the first half of 2011, amid contraction in exports and reduced government consumption.

Overall growth for 2014 is expected to slower at 5.2% (2013: 5.8%).

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Indonesia's real GDP is forecasted to grow at 5.6% in 2015.

(Source: BNM Annual Report 2014, BNM)

Myanmar

Myanmar is anticipated to post higher growth of 7.8% in 2014 (2013: 7.5%) boosted by growing investment and improved business confidence.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

7.2 Overview and outlook of ICT industry in Malaysia, Singapore, Thailand and Vietnam

Currently, the principal market for our products is Malaysia and follows by Singapore. Our Group intends to expand our presence in Thailand and Vietnam via our Business Expansion Plan. As such, we have set out below the overview and outlook of ICT industry in Malaysia, Singapore, Thailand and Vietnam.

Malaysia

The ICT will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost productivity and raise the nation's overall competitiveness. However, to achieve growth, Malaysia needs to shift from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and progress from a net importer to a net exporter. Issues of lack of product acceptability, weak product branding and lack of cross-discipline expertise will be addressed. Key strategies that will be adopted to propel the industry are, amongst others, MSC Malaysia will identify and support the development of niche areas in software and e-solutions, creative multimedia, shared services and outsourcing as well as e-business. Foreign direct investment strategy will be to attract MNCs to anchor these selected focus areas, with clusters of knowledge-based SMEs around the MNCs. A tiered benefits scheme will be established whereby financial and non-financial benefits will be provided based on the company's needs, size, stage of maturity and criteria such as the ability to catalyse the development of SMEs in priority sectors and induce high spill over effects.

(Source: Tenth (10th) Malaysia Plan for 2011-2015: Creating the Environment for Unleashing Economic Growth)

During the first (1st) half of 2014, the communication subsector grew 10% (January – June 2013: 9.4%) with the continued increase in the number of cellular phone subscribers as well as higher use of data services. Cellular phone subscriptions grew 2.8% to 43.8 million to reach a penetration rate of 145.5% as at end-June 2014 (end-June 2013: 9.1%; 42.6 million; 143.4%), with the prepaid segment dominating 82% of total subscriptions. Growth was spurred by increased take-up of affordable smartphones amid attractive packages offered by service providers. In addition, higher use of data services was supported by increased third generation mobile telecommunication subscriptions which recorded 18 million in 2013 (2012: 14.5 million).

The broadband segment grew 3.1% to 6.4 million subscriptions with a household penetration rate of 67.2% as at end-June 2014 (end-June 2013: 6.9%; 6.2 million; 66.8%). Growth was largely driven by promotional activities and awareness programs as well as improved network coverage. The National Broadband Initiative ("**NBI**") was introduced in March 2010 to increase household broadband penetration. The NBI addresses the provision of infrastructure and facilities through the implementation of High-Speed Broadband ("**HSBB**") and Broadband to General Population ("**BBGP**"). Through public-private partnership, the Government has implemented the HSBB project in areas covering inner Klang Valley, Iskandar Malaysia and selected industrial areas. At the same time, under the BBGP initiative, broadband projects will be implemented across the country through various technologies such as Asymmetric Digital Subscriber Line, Hybrid Fibre Coax, High-Speed Downlink Packet Access and Worldwide Interoperability for Microwave Access. In addition, as at end-June 2014, the HSBB recorded a total of 747,000 subscriptions covering 626,000 homes and 121,000 businesses (end-June 2013: 607,000; 512,000; 95,000).

Meanwhile, to enable rural communities to enjoy the benefits of ICT, the Universal Services Provision fund continues to finance projects such as Kampung Tanpa Wayar 1Malaysia ("**KTW1M**") and Pusat Internet 1Malaysia ("**PI1M**"). As at end-June 2014, 4737 KTW1M and 431 PI1M (end-June 2013: 4,210: 339) were established nationwide. Growth of the subsector is projected to sustain at 10% in 2014 (2013: 10%) supported by higher usage of cellular and broadband services.

The communication subsector is expected to grow 9.6% in 2015 (2014: 10%) supported by strong demand for cellular and broadband services, amid attractive promotions by the telecommunication industry players as well as the launch of new smartphones and media tablets.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Singapore

In Singapore, ICT expenditure grew from USD12.3 billion (RM43.3 billion) in 2009 to reach USD15.3 billion (RM48.2 billion) in 2013, registering a CAGR of 5.6% during the period. ICT expenditure in Singapore is forecast to grow to an estimated USD16.3 billion (RM51.4 billion) in 2014, and is forecast to grow further to reach USD18.2 billion (RM57.4 billion) by 2016, registering a CAGR of 5.7% between 2014 and 2016.

The ICT industry in Singapore is relatively more mature as compared to the ICT industry in Vietnam and Thailand. The Singapore Government has proactively implemented ICT strategies since the 1980s in order to develop Singapore as a leading global digital distribution and trading centre to further boost and enhance the competitiveness of its economy. In line with this vision, the Government of Singapore has established IDA specifically to develop the ICT sector. Its initiatives taken through IDA spread across various sectors including education, financial services, healthcare, trade and logistics, hospitality and tourism as well as the public sector. IDA has implemented several national masterplans including the ten (10)-year Intelligent Nation 2015 masterplan which mainly aims to build an advanced ICT infrastructure for the nation, and the Singapore e-Government Masterplan 2011-2015 masterplan which utilises the ICT infrastructure to adopt a collaborative approach with the public in Government service delivery.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

Thailand

ICT expenditure in Thailand registered a CAGR of 7.7% between 2009 and 2013, growing from USD17.0 billion (RM59.9 billion) to USD22.9 billion (RM72.6 billion).

The steady growth of the industry has been largely driven by the increase in demand for smartphones and tablets, as well as Government investment under the 'Smart Thailand 2020' programme, which is aimed at increasing its citizen's standard of living towards ICT for sustainable growth of the nation.

By increasing and upgrading IT infrastructure and educating its citizens on ICT, both its citizens and the Government will be able to incorporate ICT into their daily lives, businesses and Government administration, whilst encouraging the ICT sector to boost their international competitiveness.

Moving forward, ICT expenditure in Thailand is forecast to grow from USD24.6 billion (RM77.5 billion) in 2014 to reach USD28.5 billion (RM89.8 billion) in 2016, at a CAGR of 7.6%.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

Vietnam

ICT expenditure in Vietnam grew from USD7.1 billion (RM25.0 billion) in 2009 to reach USD10.5 billion (RM33.1 billion) in 2013, registering a CAGR of 10.3% during the period. Expenditure in the ICT sector in Vietnam is expected to grow at a CAGR of 10.3% between 2014 and 2016, where it is expected to increase from USD11.6 billion (RM36.6 billion) in 2014 to USD14.1 billion (RM44.4 billion) in 2016.

The growing industry is augmented by overall economic growth and the increase in the number of businesses and enterprises. This has led to an increase in demand for smartphones, as well as the adoption of desktop computers and notebook/laptops in businesses and homes.

In addition, Vietnam has also recognised the importance of IT in spurring the development of a nation, and have launched the Strategy for Science and Technology Development for the period between 2011 and 2020, which is intended to develop science and technology to an advanced and modern level when compared to Southeast Asia standards. Some of its tasks are to continue promoting ICT so that its contribution to GDP will reach 8-10% before 2020, in order to encourage researchers to master various IT fields, encourage businesses to invest in technological activities, to develop a new e-government system, and to provide online services in Vietnam. The Government of Vietnam aims to ensure that science and technology contributes to a significant part of the economic growth of the economy, thus targeting transaction value of the science and technology industry to increase by about 15-17% annually.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

7.3 Overview and outlook of RFID industry in Malaysia, Singapore, Thailand and Vietnam

Considering most of our products which include AIDC equipment such as barcode printers, label printers, card printers, scanner and RFID devices which are highly applicable in the RFID industry, the outlook and overview of RFID industry can greatly affect the performance of our Group. As such, we have set out below the overview and outlook of the RFID industry in Malaysia, Singapore, Thailand and Vietnam.

<u>Malaysia</u>

The global market for RFID in 2009 is RM19.9 billion and is expected to grow to RM54 billion in 2020. Malaysia was one of the world's earliest adopters of RFID technology, from toll payments (e.g. TouchNGo) to library usage (e.g. Penang State Library UHF Library). Malaysia also has local RFID success stories, such as IRIS (which pioneered the world's first electronic passport and immigration autogate) and Smartag (library and logistics). Under the EPP 12: Expanding Wireless Communication and RFID, the strategy is to grow RFID in Malaysia by supporting the growth of local companies. The MCMC is the lead agency for developing the RFID industry. The Government has already taken steps to support the growth of the RFID industry including establishing an RFID Centre of Excellence, supporting international RFID standards and creating a National RFID Roadmap.

For RFID, MCMC will lead efforts to expand this sector, supported by IRIS. The EPP consists of three (3) subprojects in RFID applications.

(i) **Develop more trusted identification products for the export and domestic markets**

IRIS is known globally for its innovation in trusted identification products including electronic passports (world's first in 1998) and multi-application smart cards. Trusted identification products provide advanced identity protection (e.g. national identification cards) and are expected to experience significant growth over the next ten (10) years. With the introduction by the International Civil Aviation Organization of global interoperability of electronic passports, more than eighty (80) countries worldwide have already issued e-passports. In the next two (2) to five (5) years, it is expected that more than 150 countries will issue electronic passports. The key components in electronic passports are the RFID chip and antenna. Currently IRIS has around fifteen (15%) to twenty (20%) percent market share in this segment globally, and IRIS plans to further penetrate local and global markets to tap the market growth. The goal by 2015 is to export to five (5) additional countries.

(ii) **Promote RFID implementation for logistics and transportation applications in Malaysia and Asia Pacific**

MCMC will target countries such as Thailand, Vietnam, Laos, China, Taiwan and various Middle East countries. Companies like Smartag, a Malaysian RFID solution company, will become pilots in the project. Smartag will actively engage in the global standard-setting process and create RFID applications based on those standards, with collaboration from selected local universities.

(iii) **Use RFID technology in halal track and trace**

MCMC, JAKIM and SIRIM plan to undertake an E-halal project to enhance Malaysia as the halal certification hub for the global market by using RFID to track halal end-to-end for JAKIM certification. The target is for trusted identification to be exported to five (5) more countries by 2014. Logistics and transportation RFID solutions will be deployed in South East Asia and China by 2015. JAKIM's halal certification should be accepted globally by 2015.

(Source: Chapter 11, Electronics and Electrical, Economic Transformation Programme, Performance Management and Delivery Unit, Prime Minister's Department)

<u>Singapore</u>

The RFID technology was introduced relatively earlier in Singapore as compared to other countries in Southeast Asia such as Vietnam and Thailand. From as early as 1998, the National Library Board of Singapore became the world's first library to implement RFID to allow for automated checkouts and eliminate queues, while Singapore's Land Transport Authority had also implemented RFID in the Electronic Road Pricing system in city areas and expressways. In 2003, the Institute of Microelectronics and Institute of Infocomm Research as well as the Defense Science and Technology Agency had also developed RFID solutions for Severe Acute Respiratory Syndrome disease contact tracing in local hospitals.

Recognising the RFID market as a growth opportunity for the country, the Government of Singapore, through IDA, had launched a three (3)-year RFID Development Plan in 2004. The RFID Development Plan aims to develop the RFID technology to augment Singapore's position as a key logistics hub, and has three (3) main intentions, that is to align the RFID frequency spectrum, to build technology and manpower capabilities, and to catalyse the adoption of RFID technology. Pursuant to the establishment of the RFID Development Plan, IDA had also collaborated with the Agency for Science, Technology and Research, Singapore Economic Development Board and Standards, as well as the Productivity and Innovation Board to form the National RFID Centre in 2006 for the purpose of driving development and adoption of RFID technology in Singapore.

In line with the Government's initiatives to encourage RFID adoption, some of the more recent initiatives in implementing RFID technology in Singapore include Airbus SAS setting up its first RFID enabled warehouse in Singapore in order to keep track of aircraft parts and tools that are loaned to aircraft maintenance centres in the region, and the National Cancer Centre Singapore's implementation of RFID tags and readers for tracking patients and availability of chemotherapy chairs in order to reduce patient's waiting time. IDA also continues to issue various Call-For-Collaboration opportunities to encourage the private sector to participate in initiatives that drive adoption of RFID in businesses and enterprises.

As the adoption of RFID technology in Singapore continue to increase, the RFID market is expected to play an even larger role in Singapore.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

Thailand

Much of the early growth of the RFID market in Thailand has been due to compliance requirements from customers and the Government. For example, large retailers such as Wal-Mart has required their suppliers to attach RFID tags to shipments, in order to allow for more efficient retrieval process. Among other notable RFID implementations in Thailand include the installation in the Bank of Thailand for the tracking of banknote paper pallets within its premises, as well as the use of RFID in the Suvarnabhumi Airport to track goods in the cargo terminal, warehouses, import inspection area and the Free Zones Check Point.

At present, a large proportion of Thailand's RFID market is focused on manufacturing and logistics application as it has increasingly become a manufacturing hub for many developed countries. The National Electronics and Computer Technology Centre ("NECTEC") launched a five (5)-year road map for the promotion of the local RFID industry, and one of the areas of the plan include the use of RFID in areas of supply chain management and logistics. This is in line with the Government of Thailand's plan to establish Thailand as a logistics hub in the Indo-China region. NECTEC aims to grow the RFID industry in Thailand to contribute at least 5% of the worldwide RFID market.

As the adoption of RFID in businesses continue to grow, in line with the drop in prices for RFID, RFID is expected to play a larger role across industry sectors in Thailand.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

Vietnam

The RFID market in Vietnam is still in its early stages of development, with initiatives taken to encourage its use for the tracking and tracing of goods, which were previously performed manually. Vietnam is increasingly facing pressures from global consumers and industry requirements to implement RFID technology especially in the fishery sector, as many countries have set strict regulations and industry requirements for monitoring of food transportation process and traceability of food origin. As the fishery sector is one of the key export sectors in Vietnam, with Vietnam being one of the key exporters of seafood worldwide, this is expected to be a key driving factor for the country to adopt RFID in supply chain management and logistics.

In 2009, several multinational corporations announced their collaboration with Vietnam Association of Seafood Exporters and Producers and the Vietnamese State Agency for Technological Innovation to accelerate the adoption of traceability solutions in order to improve global food safety. This collaboration involved several local technology companies in Vietnam to develop and provide RFID technology in the tracking of seafood exports in order to ensure the freshness of Vietnam's seafood products upon arrival in global markets.

With Vietnam's increase in awareness in RFID technology and global demands from importing countries for such technology, RFID adoption in Vietnam is expected to continue increasing.

(Source: The Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015 by Smith Zander International Sdn Bhd)

7.4 Prospects of our Group

Our Group is mainly involved in the proprietary software, supplying value added products and services segments. Besides selling the licenses and providing technical support to our customers, our Group supplies AIDC hardware and equipment which include bar code printers, label printers, card printers, scanners, bar code and RFID reading equipment, hand-held computers and radio frequency data communication systems.

For proprietary software segment, our Group's in-house developed solution suite, namely TrekNet comprises four (4) basic software engines and portfolio of add on front-end applications. TrekNet acquires, manages and processes data accurately on a real time basis. The front-end applicator modules are inventory management, visitor tracking, asset management, file tracking, warehouse management and workforce management.

For value added products and services segment, our Group provides, amongst others, personalisation from the graphical user interface of our products as well as engineering design of card system including life cycle management, security management and issuance system.

The primary target sectors for our proprietary software, value added products and services as well as AIDC hardware/equipment are banking, tourism, manufacturing, retail and government.

Currently, our Group is taking measures to enhance our revenue and profitability in a bid to improve our financial position via expanding our business network and collaborate with various brands to provide a complete product range to our existing and/or new customers. Some of the steps which our Group had undertaken to strengthen our financial and operation performance are as follows:

(a) further expand our presence in Indonesia and Myanmar in the banking and government sectors via strategic alliance partnership with our solutions partners. Our management had conducted sales visit to Indonesia and Myanmar in July 2013 and had begin discussion with the respective parties from the banking and government sectors with the assistance of our solutions partners. Should the discussion being materialised, our solutions partners will act as our distributors to the banking and government sectors in Indonesia and Myanmar. As at the LPD, our Group is still in the midst of discussing the terms with our solutions partners and the respective parties from the banking and government sectors and is expected to finalise the terms by early 2016; and

(b) expand the range of AIDC products by collaborating with some international brandings such as Polaroid and Screencheck to distribute the identification system in South East Asia. As at the LPD, our Group has commenced the effort in selling these brands in local and overseas markets such as Thailand, Singapore and Indonesia.

Aside from the above, our Group intends to undertake the Business Expansion Plan to set up distribution and marketing centres in Thailand and Vietnam. This move is expected to increase the gross profit margin to be generated from the said countries by saving on the commission to be paid to the distributors and will allow our Group to have a better understanding of the markets. With the setting up of the distribution and marketing centres in Thailand and Vietnam, our Group is able to control and manage our sales team and service to be provided more effectively as well as trim down the unnecessary costs which include but not limited to logistic and transportation costs of our products to the respective countries on ad-hoc basis as we do not provide consignment to our distributors. In addition, we are able to trim down unnecessary finance costs such as overdraft and banker acceptance which will be utilised to fund our working capital considering we are not able to receive the immediate payment after the sales of goods as the credit term with our solutions partners is 120 days. Our management is of the opinion that the new sales team to be set up in Thailand and Vietnam to facilitate the Business Expansion Plan will perform better as compared to our solution partners in view that our new sales team will only focus on our Group's products and services and we are able to provide a more compatible price to our customers without having to sacrifice much of our profit margin as a result of commission saved from the arrangement with our solutions partners.

Currently, our business operations in Thailand and Vietnam are only limited to the distribution of AIDC equipment via our business partners. Value added services after sale of the AIDC equipment such as software programming are provided by our business partners and our Group has no overwriting commission nor profit sharing generated from these sales. As such, the Business Expansion Plan will enable our Group to promote a package of products and services to our existing and/or new customers in Thailand and Vietnam such as introduce and promote our software program or customise a software programming which is compatible to the AIDC equipment sold and suit our customer preference. Should the plan of promoting and supplying our products and services to our customers in a package being materialised in Thailand and Vietnam, we are able to further enhance our revenue and reduce the reliance of our solution partners in Thailand and Vietnam.

Considering that most of the ASEAN economies recorded positive growth in the first (1^{st}) half of 2014, underpinned by strong domestic demand and the GDP of these economies are expected to grow by 3.5% to 6.4% in 2015 as stated in Section 7.1 of this AP, our management is of the opinion that the prospects of our Group are expected to be positive in the future with the sufficient cash flow to support our business operations in the long run.

(Source: Our management)

8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

8.1 Issued and paid-up share capital

The pro-forma effects of the Rights Issue of Shares with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of DGB Shares	**RM**	**No. of DGB Shares**	**RM**
Issued and paid-up share capital as at the LPD	163,000,000	16,300,000	163,000,000	16,300,000
Assuming full exercise of the Additional Allowable Options	-	-	14,580,000	1,458,000
	163,000,000	16,300,000	177,580,000	17,758,000
To be issued pursuant to the Rights Issue of Shares with Warrants	67,800,000	6,780,000	355,160,000	35,516,000
	230,800,000	23,080,000	532,740,000	53,274,000
Assuming full exercise of the Warrants	50,850,000	5,085,000	266,370,000	26,637,000
Enlarged issued and paid-up share capital	**281,650,000**	**28,165,000**	**799,110,000**	**79,911,000**

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8.2 NA, NTA and gearing

The pro-forma effects of the Rights Issue of Shares with Warrants on our NA, NTA and gearing based on our audited consolidated financial statements as at 30 September 2014 are as follows:

Minimum Scenario

	(Audited) As at 30 September 2014 (RM'000)	**(I) After the Rights Issue of Shares with Warrants (RM'000)**	**(II) After (I) and assuming full exercise of the Warrants (RM'000)**
Share capital	16,300	23,080	28,165
Share premium	379	1,057[(1)]	1,566
Translation reserve	138	138	138
Warrant reserve	-	3,895[(2)]	-
Accumulated losses	(9,045)	(13,390)[(3)]	(9,495)
Shareholders' funds / NA	7,772	14,780	20,374
No. of DGB Shares in issue ('000)	163,000	230,800	281,650
NA per DGB Share (RM)	0.05	0.06	0.07
NTA per DGB Share (RM)	0.03	0.05	0.06
Total borrowings	-	-	-
Gearing (times)	N/A	N/A	N/A

Notes:

N/A *Not applicable*

(1) *Taking into consideration the issue price of RM0.11 per Rights Share.*

(2) *Taking into consideration issuance of 50,850,000 Warrants at an indicative fair value of RM0.0766 each based on the Black Scholes Model.*

(3) *After taking into consideration issuance of 50,850,000 Warrants at an indicative fair value of RM0.0766 each based on the Black Scholes Model and deducting estimated expenses for the corporate exercises, which include the Increase in Authorised Share Capital of approximately RM450,000.*

Maximum Scenario

	(Audited) As at 30 September 2014 (RM'000)	(I) Assuming full exercise of the Additional Allowable Options (RM'000)	(II) After (I) and the Rights Issue of Shares with Warrants (RM'000)	(III) After (II) and assuming full exercise of the Warrants (RM'000)
Share capital	16,300	17,758	53,274	79,911
Share premium	379	816(1)	4,368(2)	7,032
Translation reserve	138	138	138	138
Warrant reserve	-	-	20,217(3)	-
Accumulated losses	(9,045)	(9,045)	(29,712)(4)	(9,495)
Shareholders' funds / NA	7,772	9,667	48,285	77,586
No. of DGB Shares in issue ('000)	163,000	177,580	532,740	799,110
NA per DGB Share (RM)	0.05	0.05	0.09	0.10
NTA per DGB Share (RM)	0.03	0.04	0.09	0.09
Total borrowings	-	-	-	-
Gearing (times)	N/A	N/A	N/A	N/A

Notes:

N/A *Not applicable*

(1) *Assuming full exercise of the 14,580,000 Additional Allowable Options at exercise price of RM0.13 each.*

(2) *Taking into consideration the issue price of RM0.11 per Rights Share.*

(3) *Taking into consideration issuance of 266,370,000 Warrants at an indicative fair value of RM0.0759 each based on the Black Scholes Model.*

(4) *After taking into consideration issuance of 266,370,000 Warrants at an indicative fair value of RM0.0759 each based on the Black Scholes Model and deducting estimated expenses for the corporate exercises, which include the Increase in Authorised Share Capital of approximately RM450,000.*

8.3 Earnings and EPS

The Rights Issue of Shares with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of our Company for the FYE 2015 as the Rights Issue of Shares with Warrants is only expected to be completed in the second (2nd) quarter of 2015 whilst the proceeds to be raised are expected to be utilised within eighteen (18) months from the date of the listing of the Rights Shares. However, the Rights Issue of Shares with Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

However, the EPS of our Group shall be correspondingly diluted as a result of the increase in the number of DGB Shares in issue pursuant to the issuance of the Rights Shares and the new DGB Shares arising from the exercise of the Warrants in the future.

The effect of any exercise of Warrants on our Company's consolidated EPS would be dependent on the returns generated by our Company from the utilisation of proceeds arising from the exercise of the Warrants.

For illustration purposes, assuming the Rights Issue of Shares with Warrants is completed on 1 October 2013, being the commencement for the FYE 2014, our Group's LPS shall be as follows:

<u>Minimum Scenario</u>

	(Audited) As at 30 September 2014	(I) After the Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM'000)	5,112	5,112	5,112
No. of DGB Shares in issue ('000)	163,000	230,800	281,650
No. of Warrants in issue	-	50,850	-
Basic LPS (sen)	3.14	2.21	1.82
Diluted LPS (sen)	N/A	1.82	N/A

Note:

N/A *Not applicable as our Company does not have any dilutive potential ordinary shares.*

Maximum Scenario

	(Audited) As at 30 September 2014	(I) Assuming full exercise of the Additional Allowable Options	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM'000)	5,112	5,112	5,112	5,112
No. of DGB Shares in issue ('000)	163,000	177,580	532,740	799,110
No. of Warrants in issue	-	-	266,370	-
Basic LPS (sen)	3.14	2.88	0.96	0.64
Diluted LPS (sen)	N/A	N/A	0.64	N/A

Note:

N/A *Not applicable as our Company does not have any dilutive potential ordinary shares.*

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9. ADDITIONAL INFORMATION

9.1 Steps taken by our Group to improve our financial position

(a) Geographical expansion

Currently, our Group is distributing our products and services in Malaysia, Singapore, and other ASEAN countries. To enhance the financial position of our Group, our management has undertaken some steps to further expand our presence in the banking and government sectors in Indonesia and Myanmar as stated in Section 7.4 of this AP. As at the LPD, our Group's products are sold in Indonesia and Myanmar via our solution partners.

Our Group plans to leverage on our solution partners such as PT ALLID Indonesia in Indonesia and ALLID Myanmar in Myanmar which are established companies in their respective markets and industries such as banking and government sectors. Our Group will focus particularly in the banking or government sectors to team up with our solution partners to provide AIDC solutions such as smart card applications, insurance's member identity card, ATM services and passport readers in these sectors in Indonesia and Myanmar.

Aside from expansion in Indonesia and Myanmar, our Group wishes to further expand our presence in Thailand and Vietnam via our Business Expansion Plan. Please refer to Section 5 of this AP for further information on the Business Expansion Plan.

In order to facilitate the Business Expansion Plan, our Group will set up several distribution and marketing centres and further invest on the promotion and advertising in Thailand and Vietnam to create market awareness. Direct distribution from our Group to end users is expected to improve the financial performance of our Group in Thailand and Vietnam in view of the following:

(i) higher gross profit margin as a result of cost saving from the commission to be paid to the solutions partners; and

(ii) our Company is able to promote a package of services to the customers such as installation of drivers and customise the software.

In addition, our Group is continuously approaching new customers in Malaysia and Singapore which include Star Cruises and Toray. As at the LPD, our Group is in the midst of discussing the terms and conditions with the new customers in Malaysia and Singapore. As a result of the effort undertaken by our Group, our Group had added two (2) new customers namely Unicity and AXA into our client list in the end of 2013 and secured a purchase order from Marina Bay Sands in October 2014 for the Malaysia and Singapore markets.

(b) Expansion of products and services

Our Group had in the second (2^{nd}) quarter of 2014 successfully secured the distributionship of card printer from Polaroid (US), Screencheck (Europe) and Matica (Italy) for the banking industry. There is no fixed tenure by Polaroid, Screencheck and Matica on our non-exclusive distributionship. Currently, our Group has included these brands into our products series and started introducing and promoting these brands to our customers from various industries such as hotel, education, retails and government sector on ad-hoc basis.

By collaborating with these brands, our Group will be able to offer a complete product range such as from the printing of identification cards to a complete mailing system to the end users on a regional basis instead of our existing product range which is limited.

Our Company expects that these new products and services will enable our Group to offer end to end solutions in various areas such as banking and government and to bid for larger projects in the private and government sectors.

Our Group had on 10 July 2014 completed the Private Placement, which raised total gross proceeds of approximately RM1.43 million earmarked as detailed in the table below. As at the LPD, our Group has utilised approximately RM1.11 million in the following manner:

	Amount raised from the Private Placement RM'000	**Amount utilised as at the LPD RM'000**	**Amount unutilised as at the LPD RM'000**	**Expected timeframe for the utilisation from the date of listing on 10 July 2014 RM'000**
Maintenance and upgrading of software and facilities	352	350	2	Within 12 months
Working capital				
- Devices upkeep and maintenance	130	130	-	-
- Payment of salaries and staff benefit	250	250	-	-
- Marketing and administrative expenses	586	270	316	Within 12 months
Estimated expenses in relation to the Private Placement	110	110	-	-
Total	**1,428**	**1,110**	**318**	

Based on the above, most of the funds raised from the private placement has been utilised by our Group for the maintenance and upgrading of software and facilities, devices upkeep and maintenance as well as payment of salaries and staff benefit. The remaining proceeds of approximately RM0.32 million is earmarked for purpose of marketing and administrative expenses as set out in the announcement dated 11 February 2014.

As at the LPD, the cash position of our Group was approximately RM0.64 million. The net cash available for our Group will be utilised to fund the day-to day working capital of our Group as below:

	RM'000
Purchase of inventories	*350*
Marketing cost	*50*
Professional fees	*20*
Logistic cost	*25*
Staff and salaries	*150*
Other administrative expenses	*40*
Total net cash available for our Group	*635*

After taking into consideration of the additional funds required by our Group for our Business Expansion Plan and working capital requirements of our Group as highlighted in Section 5 of this AP, our management foresees that the available cash flow from our Group's operations would be insufficient for our Group to undertake the Business Expansion Plan and capital expenditure which is expected to incur some initial cost and higher operating expenses prior to the return to be generated from our operations. Thus, the funds to be raised from the Rights Issue of Shares with Warrants will ease our Group's operating cash flow by enabling our Group to undertake the Business Expansion Plan and in return, create future opportunities for revenue and profit growth to our Group.

9.2 Impact of the Rights Issue of Shares with Warrants to our Group and value creation to our Group and our shareholders

The Rights Issue of Shares with Warrants enables our Group to raise proceeds to further expand our geographical coverage in overseas markets such as Thailand and Vietnam. Should the Business Expansion Plan materialised, our Group is able to enter to the markets which are currently developing in a fast pace which demand of AIDC equipment is expected to increase. With the expertise of our Group for more than twenty (20) years in AIDC equipment and well established reputation in Singapore and Malaysia, our management is confident that they are able to secure more orders from Thailand and Vietnam. In addition, our Group is able to offer a package of service to our customers in Thailand and Vietnam such as introducing and promoting our software program or customising a software programming to our customers as and when is required. In view of the above, our Group is able to generate additional income which is expected to increase our revenue and profit margin to cover our Group's overhead and subsequently improve our Group's financial performance.

In addition, the Rights Issue of Shares with Warrants facilitates our Group with sufficient working capital for our Business Expansion Plan and daily operations for up to eighteen (18) months. With the working capital, our Group is able to purchase more inventories in bulk and cash basis which enable our Group to obtain more competitive pricing, which is envisaged to improve the gross profit margin of our Group.

As highlighted in Section 5 of this AP, part of the proceeds from the Rights Issue of Shares with Warrants will be utilised to acquire a new property and renovate a showroom together with customer support and service centre in the new property. The acquisition of a new property to be set up as the headquarters of our Group will enable saving of rental cost of approximately RM40,000 per annum.

As stated in Sections 8.1 and 8.2 of this AP, the Rights Issue of Shares with Warrants is expected to increase the issued and paid-up share capital and the NA of our Group. Even though our Group's EPS will be correspondingly diluted as a result of the increase in the number of DGB Shares in issue pursuant to the issuance of the Rights Shares and the new DGB Shares arising from the exercise of the Warrants in the future, the Rights Issue of Shares with Warrants is expected to further enhance our shareholders' value considering:

(i) the potential increase in revenue and profit margin via our Business Expansion Plan to Thailand and Vietnam;

(ii) our ability to purchase inventories in bulk and cash basis and to obtain more competitive pricing; and

(iii) the rental cost saving arised after the acquisition of a new property which will be set up as our headquarters.

After taking into consideration the steps taken to improve the financial position of our Group as stated in Sections 7.4 and 9.1 of this AP and the proposed utilisation of proceeds raised from the Rights Issue of Shares with Warrants as set out in Section 5 of this AP, our management is of the view that the Rights Issue of Shares with Warrants is adequate to address our Group's current financial concerns.

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10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operation and banking facilities available, our Group will have adequate working capital for the next twelve (12) months from the date of this AP.

10.2 Borrowings

As at the LPD, our Group does not have any outstanding borrowings.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 2014, and the subsequent financial period up to the LPD.

10.3 Contingent liabilities

As at the LPD, our Board is not aware of any contingent liability incurred or known to be incurred by our Company or our Group, which may have material impact on the financial position of our Group.

10.4 Material commitments

As at the LPD, our Board is not aware of any material commitment incurred or known to be incurred by our Group which, upon becoming enforceable, may have material impact on our Group's financial position.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue of Shares with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
DGB ASIA BERHAD *(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)*

DATO' DR. PANG CHOW HUAT
Managing Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 3 MARCH 2015

DGB ASIA BERHAD

(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(721605-K)
(Incorporated in Malaysia)

This is an Extract of the Minutes of the Extraordinary General Meeting of the Company held at Cengal Suites, Cinta Ayu Apartments, Pulai Springs Resort, 20 km Jalan Pontian Lama, 81110 Pulai, Johor on Tuesday, 3 March 2015 at 11.30 a.m.

The Meeting voted in favour of the resolution and the Chairman declared the following Ordinary Resolution carried:

ORDINARY RESOLUTION
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 355,160,000 NEW ORDINARY SHARES OF RM0.10 EACH IN DGB ("DGB SHARES" OR "SHARES") ("RIGHTS SHARES") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING DGB SHARE HELD, TOGETHER WITH UP TO 266,370,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF THREE (3) WARRANTS FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS")

THAT, subject to and conditional upon the passing of Special Resolution below, the Board of Directors of DGB ("**Board**") be and is hereby authorised to:

(i) provisionally issue and allot by way of a renounceable rights issue of up to 355,160,000 Rights Shares at an issue price to be determined later by the Board on the basis of two (2) Rights Shares for every one (1) existing DGB Share held, together with up to 266,370,000 Warrants on the basis of three (3) Warrants for every four (4) Rights Shares subscribed by the shareholders of DGB whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;

(ii) determine the final issue price of the Rights Shares after taking into consideration the following:
   (a) the theoretical ex-all price ("**TEAP**") of DGB Shares, based on the five (5)-day volume weighted average market price ("**5D-VWAP**") of DGB Shares immediately preceding the price fixing date;
   (b) a discount to the TEAP of DGB Shares (based on the 5D-VWAP of DGB Shares immediately preceding the price-fixing date) of between 5% and 30%;
   (c) the prevailing market sentiments at the point of price fixing;
   (d) the par value of DGB Shares of RM0.10 each; and
   (e) the funding requirements of DGB and its subsidiaries, details of which are set out in Section 2.1.5 of the circular to shareholders dated 9 February 2015 ("**Circular**");

(iii) determine the exercise price of the Warrants after taking into consideration the following:
   (a) the theoretical ex-rights price ("**TERP**") of DGB Shares based on the 5D-VWAP of DGB Shares immediately preceding the price fixing date;
   (b) a discount to the TERP of DGB Shares (based on the 5D-VWAP of DGB Shares immediately preceding the price-fixing date) of between 5% and 30%;
   (c) the prevailing market sentiments; and
   (d) the par value of DGB Shares of RM0.10 each.

(iv) to enter into and execute the deed poll in relation to the Proposed Rights Issue of Shares with Warrants ("**Deed Poll**") with powers to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

DGB ASIA BERHAD (721605-K)
(formerly known as DSC Solutions Berhad)

This is an Extract of the Minutes of the Extraordinary General Meeting of the Company held on Tuesday, 3 March 2015 at 11.30 a.m.

(v) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 2.1.5 of the Circular and the Board be and is hereby authorised to revise the utilisation of the proceeds as they may deem fit and in the best interest of the Company;

THAT the Board be and is hereby authorised to deal with any fractional entitlements of the Rights Shares with Warrants and unsubscribed Rights Shares with Warrants that may arise from the Proposed Rights Issue of Shares with Warrants, in such manner at their absolute discretion as they may deem fit or expedient or in the best interest of the Company;

THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renouncee(s) (if applicable) and such excess Rights Shares with Warrants shall be allocated in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company;

THAT such Warrants are constituted by the terms and conditions of the Deed Poll;

THAT the Company shall allot and issue such appropriate number of new DGB Shares arising from the exercise by the holders of Warrants in accordance with the provisions of the Deed Poll;

THAT the Rights Shares and the new DGB Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing DGB Shares, save and except that the Rights Shares and the new DGB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new DGB Shares arising from the exercise of the Warrants;

AND THAT the Board be and is hereby authorised to sign and execute all documents and take all such necessary steps to give effect to the Proposed Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants.

CONFIRMED BY,

COMPANY DIRECTOR
DATO' PANG CHOW HUAT

COMPANY SECRETARY
TEA SOR HUA

PETALING JAYA
DATE: 3 MARCH 2015

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

We were incorporated in Malaysia as a private limited company under the Act on 19 January 2006 under the name of Intelek Sekutu Sdn Bhd. Our Company subsequently changed our name to DSC Solutions Sdn Bhd on 5 February 2008 and was converted into a public limited company on 6 March 2008 and listed on the ACE Market of Bursa Securities on 9 December 2009. Our Company had on 3 April 2014 changed our name to DGB Asia Berhad and assumed our present name.

Our Company is principally involved in the development and provision of software and engineering consultancy for AIDC and investment holding. The principal activities of our subsidiaries are provision of software solution, consultancy services and distribution of AIDC products, business wholesale and retail dealers in digital scan equipment and related products and trading in technological products, computer hardware and software, software applications and related products and services.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital as at the LPD are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised share capital	1,000,000,000	0.10	100,000,000
Issued and paid-up share capital	163,000,000	0.10	16,300,000

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are set out below:

Date of allotment	No. of Shares alloted	Par value RM	Description	Cumulative issued and paid-up share capital RM
3 March 2012	10,400,000	0.10	Private placement	11,440,000
14 March 2014	17,950,000	0.10	SIS	13,235,000
29 May 2014	16,370,000	0.10	SIS	14,872,000
9 July 2014	14,280,000	0.10	Private placement	16,300,000

3. BOARD DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the age, professions, nationalities, designations and addresses of our Board.

4. **DIRECTORS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our Directors based on their shareholdings as at the LPD are as follows:

<u>Minimum Scenario</u>

	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Sri Ahmad Said bin Hamdan	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Dr. Pang	6,000	3.68	-	-	73,800	31.98	-	-	124,650	44.26	-	-
Kua Khai Shyuan	-	-	-	-	-	-	-	-	-	-	-	-
Muhammad Radhi bin Azizan	-	-	-	-	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-	-	-	-	-

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Maximum Scenario

Name	As at the LPD				(I) Assuming full exercise of the Additional Allowable Options			
	Direct		Indirect		Direct		Indirect	
	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Sri Ahmad Said bin Hamdan	-	-	-	-	-	-	-	-
Dato' Dr. Pang	6,000	3.68	-	-	6,000	3.38	-	-
Kua Khai Shyuan	-	-	-	-	-	-	-	-
Muhammad Radhi bin Azizan	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Rights Issue of Shares with Warrants				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Sri Ahmad Said bin Hamdan	-	-	-	-	-	-	-	-
Dato' Dr. Pang	18,000	3.38	-	-	27,000	3.38	-	-
Kua Khai Shyuan	-	-	-	-	-	-	-	-
Muhammad Radhi bin Azizan	-	-	-	-	-	-	-	-
Ong Tee Kein	-	-	-	-	-	-	-	-

5. **SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our substantial shareholders based on their shareholdings as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Dr. Pang[(1)]	6,000	3.68	-	-	73,800	31.98	-	-	124,650	44.26	-	-
Satvinder Singh	8,749	5.37	-	-	8,749	3.79	-	-	8,749	3.11	-	-

Note:

(1) Our director.

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Maximum Scenario

	As at the LPD				(I) Assuming full exercise of the Additional Allowable Options			
	Direct		Indirect		Direct		Indirect	
Name	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Dr. Pang[(1)]	6,000	3.68	-	-	6,000	3.38	-	-
Satvinder Singh	8,749	5.37	-	-	8,749	4.93	-	-

	(II) After (I) and the Rights Issue of Shares with Warrants				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
Name	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%	No. of DGB Shares ('000)	%
Dato' Dr. Pang[(1)]	18,000	3.38	-	-	27,000	3.38	-	-
Satvinder Singh	26,247	4.93	-	-	39,371	4.93	-	-

Note:

(1) *Our director.*

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6. **SUBSIDIARY AND ASSOCIATED COMPANIES**

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
Digital Scanning Corporation Pte Ltd	14 October 1993, Republic of Singapore	Provision of software solution, consultancy services and distribution of AIDC products	SGD2,038,745	100
DSC Systems (M) Sdn Bhd	12 December 1996, Malaysia	Business wholesale and retail dealers in digital scan equipment and related products	RM2,494,000	100
Resellerasia Pte Ltd	20 June 2007, Republic of Singapore	Trading in technological products, computer hardware and software, software applications and, related products and services	SGD453,067	80[(1)]
ResellerAsia (Hong Kong) Limited	15 November 2012, Hong Kong Special Administrative Region of the People's Republic of China	Trading in technological products, computer hardware and software, software applications and, related products and services	HKD10,000	100
Subsidiary of Digital Scanning Corporation Pte Ltd				
Digital Scanning Corporation (Suzhou) Co Ltd	14 July 2008, The People's Republic of China	Dormant	SGD150,000	100

We do not have any associated companies as at the LPD.

Note:

(1) The remaining 20% equity interest in Resellerasia Pte Ltd are owned by Michael Wong Swei Senn.

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYEs 2012 to 2014 and the unaudited consolidated financial statements for the three (3)-month periods ended 31 December 2013 and 31 December 2014 are as follows:

	<------ Audited	------	------>	<------Unaudited	------>
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	Three (3)-month period ended 31 December 2013 RM'000	Three (3)-month period ended 31 December 2014 RM'000
Revenue	12,614	11,561	8,800	2,795	1,888
GP	4,327	3,864	1,199	491	1,038
Other income	1,064	415	121	69	3
Administrative expenses	(4,716)	(4,083)	(5,589)	(932)	(300)
Selling and distribution expenses	(433)	(536)	(72)	(52)	(36)
Other expenses	(321)	(2,113)	(753)	(75)	(567)
Finance costs	(129)	(98)	(65)	(29)	-
PBT/(LBT)	(208)	(2,551)	(5,159)	(528)	138
Taxation	(30)	27	-	-	-
PAT/(LAT)	(238)	(2,524)	(5,159)	(528)	138
Profit/(loss) attributable to:					
Owners of the Company	(202)	(2,467)	(5,112)	(538)	139
Minority interest	(36)	(57)	(47)	10	(1)
Profit/(loss) for the financial year	(238)	(2,524)	(5,159)	(528)	138
EBITDA/(LBITDA)	750	(2,003)	(4,124)	(455)	261
Number of Shares in issue ('000)	104,000	114,400	163,000	114,400	163,000
Basic EPS/(LPS) (sen)	(0.19)	(2.16)	(3.14)	(0.47)	0.09
Diluted EPS/(LPS) (sen)	(0.19)	(2.16)	(3.14)	(0.47)	0.09
GP margin (%)	34.30	33.42	13.63	17.57	54.98
PBT/(LBT) margin (%)	(1.65)	(22.07)	(58.63)	(18.89)	7.31
PAT/(LAT) margin (%)	(1.89)	(21.83)	(58.63)	(18.89)	7.31
Dividend (sen)	-	-	-	-	-

(a) FYE 2013 compared to FYE 2012

Our Group's revenue decreased by approximately 8.34% from RM12.61 million in the FYE 2012 to RM11.56 million in the FYE 2013. The decrease in revenue was mainly due to lower sales in proprietary software and AIDC hardware/equipment as our Group's main customers were affected by the weak economic conditions in the US and Europe which resulted in lower demand for these products.

In line with the decrease in revenue, LAT increased by RM2.28 million from RM0.24 million in the FYE 2012 to RM2.52 million in the FYE 2013. The increase in LAT was also attributed to the following:

(i) higher advertisement and promotion cost spent on newspaper, website, magazine and leaflet amounting to RM0.83 million in the FYE 2013 as opposed to RM0.07 million in the FYE 2012, being incurred by our Group to build our business presence for our product offerings;

(ii) increase in the amortisation/impairment of intangible assets of our Group amounting to RM1.18 million for the FYE 2013 as compared to RM0.65 million for the FYE 2012 due to a more prudent approach adopted by our Group on the fair value assessment of the intangible assets;

(iii) impairment of goodwill amounting to RM0.36 million for the FYE 2013 due to a more prudent approach adopted by our Group on the fair value assessment of the goodwill; and

(iv) higher write off of trade receivables amounting to RM0.49 million in the FYE 2013 as opposed to approximately RM0.01 million in the FYE 2012 due to large write off of certain debtors with outstanding debts of more than 180 days.

Our Group's GP margin had marginally decreased by 0.88% from 34.30% in the FYE 2012 to 33.42% in the FYE 2013.

(b) **FYE 2014 compared to FYE 2013**

Our Group's revenue decreased by approximately 23.88% from RM11.56 million in the FYE 2013 to RM8.80 million in the FYE 2014. The decrease in revenue was mainly due to lower sales secured in Singapore mainly due to the resignation of the entire ten (10) existing marketing staff as a result of change in the management due to the resignation of the Managing Director as announced on 28 March 2014 and better offers by competitors during the first (1^{st}) quarter of 2014. In addition, the decrease in revenue was due to lower value added products and AIDC hardware/equipment sold in the FYE 2014 as compared to the FYE 2013 as a result of shortage of manpower mainly due to high staff turnover.

In line with the decrease in revenue and increase in impairment loss on intangible assets of approximately RM0.30 million and increase in amortisation of intangible assets of approximately 0.56 million, LAT increased by RM2.64 million from RM2.52 million in the FYE 2013 to RM5.16 million in the FYE 2014. The higher impairment loss on intangible assets and amortisation of intangible assets were mainly due to changes in the expected useful life of intangible assets from infinite lifespan to six (6) years in light of recent changes in technology as advised by our auditors. The intangible assets consist of our software. The changes were made to better reflect the expected pattern of consumption of future economic benefits from the use of the intangible assets over time based on an analysis of the expected future usage of the underlying technology and historical usage experience.

Our Group's GP margin decreased by 19.79% from 33.42% in the FYE 2013 to 13.63% in the FYE 2014 mainly due to the increase in the costs of our products as a result of higher selling price quoted by our suppliers and competitive pricing in the market.

(c) Three (3)-month period ended 31 December 2014 vs three (3)-month period ended 31 December 2013

Our Group's revenue decreased by approximately 32.45% from RM2.80 million in the three (3)-month period ended 31 December 2013 to RM1.89 million in the three (3)-month period ended 31 December 2014. The decrease in revenue was mainly due to lower sales secured in Singapore (i.e., RM2.12 million in the three (3)-month period ended 31 December 2013 compared to RM0.03 million in the three (3)-month period ended 31 December 2014) and Malaysia (i.e., RM0.70 million in the three (3)-month period ended 31 December 2013 compared to RM0.19 million in the three (3)-month period ended 31 December 2014) mainly due to on-going reorganisation of our subsidiaries in Singapore and competitive market in Malaysia whereby some of the competitors have undertaken aggressive price-cutting in order to improve their sales.

In addition, the decrease in revenue was due to lower value added products and AIDC hardware/equipment sold in the three (3)-month period ended 31 December 2014 as compared to the three (3)-month period ended 31 December 2013 as a result of insufficient marketing staffs to market our products in the Singapore market.

Despite the decrease in revenue, our Group recorded a PAT of RM0.14 million in the three (3)-month period ended 31 December 2014 as compared to LAT of RM0.52 million in the three (3)-month period ended 31 December 2013. The PAT was mainly due to:

(i) increase in GP generated by our Group by approximately 111.41% from RM0.49 million in the three (3)-month period ended 31 December 2013 to RM1.04 million in the three (3)-month period ended 31 December 2014 as a result of higher GP margin; and

(ii) decrease in administrative expenses by approximately 67.81% from RM0.93 million in the three (3)-month period ended 31 December 2013 to RM0.30 million in the three (3)-month period ended 31 December 2014 as a result of cost saving undertaken by our Group such as the relocation of our Singapore office to a smaller premise in Singapore which reduced our rental expenses from RM0.04 million in the (3)-month period ended 31 December 2013 to RM0.01 million in the (3)-month period ended 31 December 2014. In addition, we have reduced our directors' fees from RM0.16 million in the three (3)-month period ended 31 December 2013 to RM0.10 million in the three (3)-month period ended 31 December 2014.

Our Group's GP margin increased by 37.41% from 17.57% in the three (3)-month period ended 31 December 2013 to 54.98% in the three (3)-month period ended 31 December 2014 mainly due to higher sales contributed by our proprietary software division, TrekNet which has higher GP margin as compared to hardware sales.

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8. HISTORICAL PRICES OF DGB SHARES

The monthly high and low transacted market prices of DGB Shares for the past twelve (12) months are as follows:

	High RM	Low RM
2014		
March	0.125	0.100
April	0.115	0.100
May	0.130	0.095
June	0.105	0.090
July	0.095	0.115
August	0.145	0.100
September	0.180	0.130
October	0.170	0.135
November	0.170	0.105
December	0.110	0.075
2015		
January	0.130	0.080
February	0.155	0.130

Last transacted market price on 9 September 2014 (being the last trading date prior to the Announcement) was RM0.155 per DGB Share.

Last transacted market price on 11 March 2015 (being the LPD prior to printing of this AP) was RM0.125 per DGB Share.

Last transacted market price on 30 March 2015 (being the last day on which DGB Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM0.140 each.

(Source: Bloomberg Finance L.P.)

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Grant Thornton

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REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014
(Prepared for inclusion in this abridged prospectus dated 2 April 2015)

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Date: 20 March 2015

The Board of Directors
DGB Asia Berhad
(Formerly known as DSC Solutions Berhad)
Block B-2-1 IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan

Dear Sirs,

DGB ASIA BERHAD *(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)* AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of DGB Asia Berhad *(formerly known as DSC Solutions Berhad)* ("DGB" or "the Company") and its subsidiaries ("DGB Group" or "The Group") as at 30 September 2014, together with the notes and assumptions thereto. The Pro Forma Consolidated Statements of Financial Position as set out in Appendix A (which we have stamped for the purpose of identification), have been compiled and prepared by the Board of Directors of the Company for inclusion in the Abridged Prospectus ("AP") to be issued in connection to the Rights Issue of Shares with Warrants (as defined herein).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 of Appendix A.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors of the Company, for illustrative purposes only, to show the effects of the Rights Issue of Shares with Warrants on the Consolidated Statements of Financial Position presented had the Rights Issue of Shares with Warrants been effected at the date stated. As part of this process, information about the Group's consolidated financial position has been extracted by the Board of Directors from the Group's audited consolidated statement of financial position as at 30 September 2014, on which an audit report has been published.

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The Directors' responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 of Appendix A.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis set out in Note 1 of Appendix A.

We conducted our engagement in accordance with the International Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 of Appendix A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a AP is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

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Reporting Accountants' responsibilities (cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of DGB Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of Pro Forma Consolidated Statements of Financial Position.

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

Our Opinion

In our opinion:

(a) The Pro Forma Consolidated Statements of Financial Position of the Group together with the accompanying notes, which are prepared for illustrative purposes only, have been properly prepared on the basis and assumptions as set out in the notes thereon, and such basis is consistent, in all material respects, with the accounting policies adopted by the Group, unless otherwise stated;

(b) The audited financial statements used in the preparation of the Pro Forma Consolidated Statements of Financial Position, have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia and the Pro Forma Consolidated Statements of Financial Position have been properly prepared in a manner consistent with the format of the financial statements to be adopted by the Group; and

(c) Each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate, in all material respects, for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

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Other Matter

This report is issued for the sole purpose of inclusion in the AP in connection with the Rights Issue of Shares with Warrants and should not be used or relied upon for any other purpose without our prior written consent. We accept no duty of responsibility to and deny and liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue of Shares with Warrants.

Yours faithfully,

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

SUNG FONG FUI
(NO: 2971/08/15(J))
CHARTERED ACCOUNTANT

Appendix A

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2014 together with the Notes thereon of DGB Group as at 30 September 2014 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the financial statements and accounting policies of DGB Group.

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2014 have been prepared for illustrative purposes only to show the effects on the audited Consolidated Statement of Financial Position as at 30 September 2014 on the assumption that the Rights Issue of Shares with Warrants as mentioned below to be undertaken by DGB Group had been effected on 30 September 2014, and should be read in conjunction with the notes in this Section.

The Company proposes to undertake a renounceable rights issue of up to 355,160,000 new ordinary shares of RM0.10 each in DGB ("DGB Shares" or "Shares") ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing DGB Share held as at 5.00p.m on 2 April 2015 ("Entitlement Date") at an issue price of RM0.11 per Rights Share, together with up to 266,370,000 free detachable warrants ("Warrants") on the basis of three (3) Warrants for every four (4) Rights Shares subscribed for ("Rights Issue of Shares with Warrants").

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the effects of the Rights Issue of Shares with Warrants on the financial position of the Group, had the transactions or events occurred on 30 September 2014. Further, such information does not purport to predict DGB Group's future financial position.

The Pro Forma Consolidated Statements of Financial Position of DGB are presented in two (2) scenarios and have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were affected on that date, as follows:

Minimum scenario:

(i) Assuming that none of the 14,580,000 outstanding options to be granted and that may be exercised into DGB Shares prior to the Entitlement Date ("Additional Allowable Options") is granted and exercised prior to the Entitlement Date;

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2 0 MAR 2015
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Appendix A

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. **BASIS OF PREPARATION (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of DGB are presented in two (2) scenarios and have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were affected on that date, as follows (cont'd):

Minimum scenario (cont'd):

(ii) Assuming that the Rights Issue of Shares with Warrants is undertaken at a minimum subscription level of 67,800,000 Rights Shares together with 50,850,000 Warrants ("Minimum Subscription Level"); and

(iii) Assuming full exercise of 50,850,000 Warrants issued pursuant to the Rights Issue of Shares with Warrants based on the Minimum Subscription Level at an exercise price of RM0.11 each.

Maximum scenario:

(i) Assuming the full exercise of the Additional Allowable Options prior to the Entitlement Date;

(ii) Assuming the full subscription of the Rights Issue of Shares with Warrants; and

(iii) Assuming full exercise of 266,370,000 Warrants issued pursuant to the Rights Issue of Shares with Warrant at an exercise price of RM0.11 each.

2. **PRO FORMA GROUP**

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes to show the effects of the Rights Issue of Shares with Warrants set out in Note 1 and subsequent events assuming that all the transactions mentioned below had taken place on 30 September 2014:

(i) **Pro Forma I: Full exercise of Additional Allowable Options**

Maximum scenario

Pro Forma I incorporates the following: For illustration purposes, all 14,580,000 Additional Allowable Options are exercised at an exercise price of RM0.13 each.

The proceeds arising from the exercise of the Additional Allowable Options shall be utilised for working capital purposes of DGB Group.

(ii) **Pro Forma I (Minimum Scenario)/ Pro Forma II (Maximum Scenario): Rights Issue of Shares with Warrants**

Minimum scenario

Pro Forma I incorporates the assumption that none of the Additional Allowable Options is granted and exercised prior to the Entitlement Date and the effect of Rights Issue of Shares with Warrants of 67,800,000 Rights Shares together with 50,850,000 Warrants based on Minimum Subscription Level.

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Appendix A

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2. **PRO FORMA GROUP (CONT'D)**

(ii) **Pro Forma I (Minimum Scenario)/ Pro Forma II (Maximum Scenario): Rights Issue of Shares with Warrants (cont'd)**

Minimum scenario (cont'd)

The issue price of the Rights Shares is at RM0.11 per Rights Share.

The proceeds from the Rights Issue of Shares with Warrants under the minimum scenario are expected to be utilised as working capital for DGB Group and the payment of estimated expenses for the Rights Issue of Shares with Warrants and the increase in the authorised share capital of DGB from RM25,000,000 comprising 250,000,000 DGB Shares to RM100,000,000 comprising 1,000,000,000 DGB Shares and in consequence thereof, clause 6 of the memorandum of Association of DGB be amended accordingly (collectively referred to as "Corporate Exercise") as per section 5 of the AP.

Maximum scenario

Pro Forma II incorporates the effect of Pro Forma I and Rights Issue of Shares with Warrants of 355,160,000 Rights Shares together with 266,370,000 Warrants.

The issue price of the Rights Shares is at RM0.11 per Rights Share.

The proceeds from the Proposed Rights Issue of Shares with Warrants under the maximum scenario are expected to be utilised as working capital for DGB Group, capital expenditure to acquire additional property, plant and equipment and the payment of estimated expenses for the Corporate Exercises as per section 5 of the AP.

The total estimated corporate exercise expenses in relation to the Corporate Exercises is RM450,000 and it is charged against the accumulated losses account. Any variation in actual amount of the expenses incurred for the Corporate Exercises will be adjusted to the allocation for working capital of DGB Group.

(iii) **Pro Forma II (Minimum scenario)/ Pro Forma III (Maximum scenario): Full exercise of Warrants**

Minimum scenario

Pro Forma II incorporates the effect of Pro Forma I and assuming full exercise of 50,850,000 Warrants into 50,850,000 new DGB Shares.

Maximum scenario

Pro Forma III incorporates the effect of Pro Forma II and assuming full exercise of 266,370,000 Warrants into 266,370,000 new DGB Shares.

The Warrants are exercised at an exercise price of RM0.11 each.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2. **PRO FORMA GROUP (CONT'D)**

(iii) **Pro Forma II (Minimum scenario)/ Pro Forma III (Maximum scenario): Full exercise of Warrants (cont'd)**

Maximum scenario (cont'd)

The proceeds arising from the exercise of the Warrants shall be utilised for working capital purposes of DGB Group.

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DGB ASIA BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

The Pro Forma Consolidated Statements of Financial Position of DGB Group as at 30 September 2014 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 September 2014:

Minimum scenario	Audited as at 30 September 2014	Proforma I	Proforma II
	RM	RM	RM
ASSETS			
Non-current assets			
Property, plant and equipment	153,883	153,883	153,883
Intangible assets	2,590,544	2,590,544	2,590,544
Total non-current assets	2,744,427	2,744,427	2,744,427
Current assets			
Inventories	499,287	499,287	499,287
Trade receivables	1,191,208	1,191,208	1,191,208
Other receivables, deposits and prepayments	155,421	155,421	155,421
Tax recoverable	9,330	9,330	9,330
Fixed deposits with licensed banks	3,478	3,478	3,478
Cash and bank balances	3,989,332	10,997,332	16,590,832
Total current assets	5,848,056	12,856,056	18,449,556
Total assets	8,592,483	15,600,483	21,193,983
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent:			
Share capital	16,300,000	23,080,000	28,165,000
Share premium	378,510	1,056,510	1,565,010
Translation reserve	138,098	138,098	138,098
Warrant reserve	-	3,895,110	-
Accumulated losses	(9,044,538)	(13,389,648)	(9,494,538)
	7,772,070	14,780,070	20,373,570
Non-controlling interests	(113,709)	(113,709)	(113,709)
Total equity	7,658,361	14,666,361	20,259,861
Minimum scenario			
LIABILITIES			
Current liabilities			
Trade payables	325,828	325,828	325,828
Other payables and accruals	604,590	604,590	604,590
Dividend payable	3,704	3,704	3,704
Total current liabilities	934,122	934,122	934,122
Total liabilities	934,122	934,122	934,122
Total equity and liabilities	8,592,483	15,600,483	21,193,983
Par value (RM)	0.10	0.10	0.10
Issued & paid up share capital (Unit)	163,000,000	230,800,000	281,650,000
Net assets per share (RM)	0.05	0.06	0.07
Net tangible assets per share	0.03	0.05	0.06
Borrowings (RM)	-		-

Appendix A

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of DGB Group as at 30 September 2014 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 September 2014 (cont'd):

Maximum scenario	Audited as at 30 September 2014	Proforma I	Proforma II	Proforma III
	RM	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	153,883	153,883	5,653,883	5,653,883
Intangible assets	2,590,544	2,590,544	2,590,544	2,590,544
Total non-current assets	2,744,427	2,744,427	8,244,427	8,244,427
Current assets				
Inventories	499,287	499,287	499,287	499,287
Trade receivables	1,191,208	1,191,208	1,191,208	1,191,208
Other receivables, deposits and prepayments	155,421	155,421	155,421	155,421
Tax recoverable	9,330	9,330	9,330	9,330
Fixed deposits with licensed banks	3,478	3,478	3,478	3,478
Cash and bank balances	3,989,332	5,884,732	39,002,332	68,303,032
Total current assets	5,848,056	7,743,456	40,861,056	70,161,756
Total assets	8,592,483	10,487,883	49,105,483	78,406,183
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent:				
Share capital	16,300,000	17,758,000	53,274,000	79,911,000
Share premium	378,510	815,910	4,367,510	7,031,210
Translation reserve	138,098	138,098	138,098	138,098
Warrant reserve	-	-	20,217,483	-
Accumulated losses	(9,044,538)	(9,044,538)	(29,712,021)	(9,494,538)
	7,772,070	9,667,470	48,285,070	77,585,770
Non-controlling interests	(113,709)	(113,709)	(113,709)	(113,709)
Total equity	7,658,361	9,553,761	48,171,361	77,472,061
Maximum scenario				
LIABILITIES				
Current liabilities				
Trade payables	325,828	325,828	325,828	325,828
Other payables and accruals	604,590	604,590	604,590	604,590
Dividend payable	3,704	3,704	3,704	3,704
Total current liabilities	934,122	934,122	934,122	934,122
Total liabilities	934,122	934,122	934,122	934,122
Total equity and liabilities	8,592,483	10,487,883	49,105,483	78,406,183
Par value (RM)	0.10	0.10	0.10	0.10
Issued & paid up share capital (Unit)	163,000,000	177,580,000	532,740,000	799,110,000
Net assets per share (RM)	0.05	0.05	0.09	0.10
Net tangible assets per share	0.03	0.04	0.09	0.09
Borrowings (RM)	-	-		

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Appendix A

DGB ASIA BERHAD
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(Company No.: 721605-K)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1 SHARE CAPITAL

The movements of the issued and paid-up share capital are as follows:-

Minimum scenario	Number of Shares	Amount RM
As at 30 September 2014	163,000,000	16,300,000
Arising from Rights Issue of Shares with Warrants	67,800,000	6,780,000
As per Pro Forma I	230,800,000	23,080,000
Arising from exercise of 50,850,000 Warrants	50,850,000	5,085,000
As per Pro Forma II	281,650,000	28,165,000

Maximum scenario	Number of Shares	Amount RM
As at 30 September 2014	163,000,000	16,300,000
Arising from exercise of Additional Allowable Options	14,580,000	1,458,000
As per Pro Forma I	177,580,000	17,758,000
Arising from Rights Issue of Shares with Warrants	355,160,000	35,516,000
As per Pro Forma II	532,740,000	53,274,000
Arising from exercise of 266,370,000 Warrants	266,370,000	26,637,000
As per Pro Forma III	799,110,000	79,911,000

DGB ASIA BERHAD
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(Company No.: 721605-K)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.2 RESERVES

The movements of the reserves are as follows:-

Minimum scenario	Share premium RM	Translation reserve RM	Warrant reserve RM
As at 30 September 2014	378,510	138,098	-
Arising from Rights Issue of Shares with Warrants	678,000	-	3,895,110
As per Pro Forma I	1,056,510	138,098	3,895,110
Arising from exercise of 50,850,000 Warrants	508,500	-	(3,895,110)
As per Pro Forma II	1,565,010	138,098	-

Maximum scenario	Share premium RM	Translation reserve RM	Warrant reserve RM
As at 30 September 2014	378,510	138,098	-
Arising from exercise of Additional Allowable Options	437,400	-	-
As per Pro Forma I	815,910	138,098	-
Arising from Rights Issue of Shares with Warrants	3,551,600	-	20,217,483
As per Pro Forma II	4,367,510	138,098	20,217,483
Arising from exercise of 266,370,000 Warrants	2,663,700	-	(20,217,483)
As per Pro Forma III	7,031,210	138,098	-

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Appendix A

DGB ASIA BERHAD
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.2 **RESERVES (CONT'D)**

Valuation mode	:	Black Scholes option pricing model (Source: Bloomberg)
Tenure	:	3 years
Exercise price of the new Warrants	:	RM0.11
Volatility rate	:	103.866%, based on DGB's share price for one (1) year up to and including 18 March 2015
Risk free rate	:	3.528%
Fair value per Warrant	:	RM0.0766 (Minimum scenario) RM0.0759 (Maximum scenario)
Number of Warrants	:	50,850,000 (Minimum scenario) 266,370,000 (Maximum scenario)

The actual quantum of warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

3.3 **ACCUMULATED LOSSES**

The movements of the accumulated losses are as follows:-

Minimum scenario	Amount RM
As at 30 September 2014	(9,044,538)
Arising from Rights Issue of Shares with Warrants	(3,895,110)
Estimated expenses in relation to the Corporate Exercises	(450,000)
As per Pro Forma I	(13,389,648)
Arising from full exercise of 50,850,000 Warrants	3,895,110
As per Pro Forma II	(9,494,538)

Maximum scenario	Amount RM
As at 30 September 2014/Pro Forma I	(9,044,538)
Arising from Rights Issue of Shares with Warrants	(20,217,483)
Estimated expenses in relation to the Corporate Exercises	(450,000)
As per Pro Forma II	(29,712,021)
Arising from full exercise of 266,370,000 Warrants	20,217,483
As per Pro Forma III	(9,494,538)

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20 MAR 2015
SJ Grant Thornton

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.4 **CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:-

Minimum scenario	Amount RM
As at 30 September 2014	3,989,332
Arising from Rights Issue of Shares with Warrants	7,458,000
Estimated expenses in relation to the Corporate Exercises	(450,000)
As per Pro Forma I	10,997,332
Arising from exercise of 50,850,000 Warrants	5,593,500
As per Pro Forma II	16,590,832

Maximum scenario	Amount RM
As at 30 September 2014	3,989,332
Arising from exercise of Additional Allowable Options	1,895,400
As per Pro Forma I	5,884,732
Arising from Rights Issue of Shares with Warrants	39,067,600
Acquisition of property, plant and equipment	(5,500,000)
Estimated expenses in relation to the Corporate Exercises	(450,000)
As per Pro Forma II	39,002,332
Arising from exercise of 266,370,000 Warrants	29,300,700
As per Pro Forma III	68,303,032

For illustrative purposes, the proceeds for working capital are included in cash and bank balances when received.

Appendix A

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Company No.: 721605-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.4 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment are as follows:-

Minimum scenario	Amount RM
As at 30 September 2014/Pro Forma I/II	153,883

Maximum scenario	Amount RM
As at 30 September 2014/Pro Forma I	153,883
Arising from Rights Issue of Shares with Warrants	5,500,000
As per Pro Forma II/III	5,653,883

CERTIFIED TRUE COPY

SUNG FONG FUI
PARTNER
(NO : 2971/08/15(J))

SJ GRANT THORNTON
(Member Firm of Grant Thornton International)
Level 11, Faber Imperial Court, Jalan Sultan Isma
P. O. Box 12337, 50774 Kuala Lumpur.
Tel: 03-26924022 Fax: 03-26915229

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CORPORATE INFORMATION

DIRECTORS	Dato' Sri Ahmad Said Bin Hamdan Dato' Dr. Pang Chow Huat Kua Khai Shyuan Muhammad Radhi Bin Azizan Ong Tee Kein
AUDIT COMMITTEE	Ong Tee Kein (Chairman) Dato' Sri Ahmad Said Bin Hamdan Muhammed Radhi Bin Azizan
SECRETARIES	Tea Sor Hua Yong Yen Ling
AUDITORS	SJ Grant Thornton (Member firm of Grant Thornton International Ltd) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2692 4022 Fax: 03-2732 5119 Website: www.gt.com.my

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CORPORATE INFORMATION (CONT'D)

REGISTERED OFFICE	Third Floor, No. 79 (Room A) Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-7728 4778 Fax: 03-7722 3668
PRINCIPAL PLACE OF BUSINESS	Block B-2-1 IOI Boulevard Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan
REGISTRAR	Shareworks Sdn Bhd 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan
BANKERS	RHB Bank Berhad Malayan Banking Berhad HSBC Bank Malaysia Berhad The Hongkong and Shanghai Banking Corporation Limited DBS Bank Ltd
STOCK EXCHANGE LISTING	ACE Market of Bursa Malaysia Securities Berhad

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection ("AIDC") and investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	5,158,893	2,061,255
Attributable to:-		
Owners of the Company	5,112,013	2,061,255
Non-controlling interests	46,880	-
	5,158,893	2,061,255

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity.

DIRECTORS

The Directors in office since the date of the last report are as follows:-

Dato' Sri Ahmad Said Bin Hamdan
Dato' Dr. Pang Chow Huat
Kua Khai Shyuan
Muhammad Radhi Bin Azizan
Ong Tee Kein (appointed on 1.8.2014)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporations were as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.10.2013	Bought	Sold	At 30.9.2014
Direct interest				
Dato' Dr. Pang Chow Huat	-	6,000,000	-	6,000,000

None of the other Directors 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

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those disclosed in Note 24 and 27 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 48,600,000 ordinary shares of RM0.10 each at average price of RM0.1035 each.

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

OTHER STATUTORY INFORMATION

Before the Financial Statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values 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:-

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability 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.

In the opinion of the Directors:-

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) 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 to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 35 to the Financial Statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

.... DATO' DR. PANG CHOW HUAT	)	
	)	DIRECTORS
.... DATO' SRI AHMAD SAID BIN HAMDAN	)	

Kuala Lumpur
22 January 2015

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 74 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on page 75 has been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....	....
DATO' DR. PANG CHOW HUAT	DATO' SRI AHMAD SAID BIN HAMDAN

Kuala Lumpur
22 January 2015

STATUTORY DECLARATION

I, Dato' Dr. Pang Chow Huat, being the Director primarily responsible for the financial management of DGB Asia Berhad (formerly known as DSC Solutions Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 74 and the information set out on page 75 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
22 January 2015

....
DATO' DR. PANG CHOW HUAT

Before me:

PESURUHJAYA SUMPAH
W.490
S. ARULSAMY
MALAYSIA

Commissioner for Oaths

16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur.

Grant Thornton

An instinct for growth™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DGB ASIA BERHAD (FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)

(Incorporated in Malaysia)

Company No: 721605 K

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
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Report on the Financial Statements

We have audited the financial statements of DGB Asia Berhad, which comprise the Statements of Financial Position as at 30 September 2014 of the Group and of the Company, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 74.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the Financial Statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 75 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.

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Other Matters

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

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

SUNG FONG FUI
(NO: 2971/08/15(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
22 January 2015

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	153,883	436,908	3,020	2,617
Investment in subsidiaries	5	-	-	8,837,985	9,207,985
Intangible assets	6	2,590,544	5,014,439	-	79,493
Total non-current assets		2,744,427	5,451,347	8,841,005	9,290,095
Current assets					
Inventories	7	499,287	1,716,672	-	-
Trade receivables	8	1,191,208	1,770,660	590,755	-
Other receivables, deposits and prepayments	9	155,421	250,181	35,492	77,456
Amount due from subsidiaries	10	-	-	2,037,581	2,386,757
Tax recoverable		9,330	86,238	-	-
Fixed deposits with licensed bank	11	3,478	635,655	-	-
Cash and bank balances	12	3,989,332	1,134,907	3,791,733	610,789
Total current assets		5,848,056	5,594,313	6,455,561	3,075,002
Total assets		8,592,483	11,045,660	15,296,566	12,365,097
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	13	16,300,000	11,440,000	16,300,000	11,440,000
Share premium	14	378,510	206,910	378,510	206,910
Translation reserve	15	138,098	216,607	-	-
(Accumulated losses)/Retained earnings	16	(9,044,538)	(3,932,525)	(1,877,793)	183,462
		7,772,070	7,930,992	14,800,717	11,830,372
Non-controlling interests		(113,709)	(70,199)	-	-
Total equity		7,658,361	7,860,793	14,800,717	11,830,372

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (CONT'D)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
LIABILITIES					
Non-current liabilities					
Bank borrowings	17	-	165,794	-	-
Deferred taxation	18	-	-	-	-
Total non-current liabilities		-	165,794	-	-
Current liabilities					
Trade payables	19	325,828	1,122,048	140,304	-
Other payables and accruals	20	604,590	504,444	252,884	149,089
Amount due to a subsidiary	21	-	-	102,661	385,636
Amount due to a Director	22	-	10,365	-	-
Bank borrowings	17	-	1,382,216	-	-
Dividend payable		3,704	-	-	-
Total current liabilities		934,122	3,019,073	495,849	534,725
Total liabilities		934,122	3,184,867	495,849	534,725
Total equity and liabilities		8,592,483	11,045,660	15,296,566	12,365,097

The accompanying notes form an integral part of the financial statements.

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	23	8,800,392	11,561,256	3,435,000	1,169,398
Cost of sales		(7,601,403)	(7,697,096)	(3,196,666)	(145,462)
Gross profit		1,198,989	3,864,160	238,334	1,023,936
Other income		121,388	414,601	4,467	102,392
Distribution expenses		(71,840)	(535,928)	(17,883)	(653,842)
Administration expenses		(5,588,704)	(4,083,214)	(997,718)	(764,559)
Other expenses		(752,935)	(2,112,921)	(1,288,455)	(1,322,276)
Finance cost		(65,791)	(97,578)	-	(102)
Loss before tax	24	(5,158,893)	(2,550,880)	(2,061,255)	(1,614,451)
Tax income	25	-	26,676	-	29,676
Loss for the financial year		(5,158,893)	(2,524,204)	(2,061,255)	(1,584,775)
Other comprehensive (loss)/income for the financial year					
Exchange translation differences		(75,139)	123,300	-	-
Total comprehensive loss for the financial year		(5,234,032)	(2,400,904)	(2,061,255)	(1,584,775)
Loss for financial year attributable to:-					
Owners of the Company		(5,112,013)	(2,467,262)	(2,061,255)	(1,584,775)
Non-controlling interests		(46,880)	(56,942)	-	-
		(5,158,893)	(2,524,204)	(2,061,255)	(1,584,775)
Total comprehensive loss attributable to:-					
Owners of the Company		(5,190,522)	(2,346,735)	2,060,642	(1,584,775)
Non-controlling interests		(43,510)	(54,169)	-	-
		(5,234,032)	(2,400,904)	2,060,642	(1,584,775)
Loss per share (sen)	26	0.40	2.16		

The accompanying notes form an integral part of the financial statements.

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	← Attributable to owners of the Company →						
	← Non-distributable →			Distributable			
	Share capital RM	Share premium RM	Translation reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
Balance at 1 October 2012	11,440,000	206,910	96,080	(1,465,263)	10,277,727	(16,030)	10,261,697
Loss for the financial year	-	-	-	(2,467,262)	(2,467,262)	(54,169)	(2,521,431)
Other comprehensive income for the financial year	-	-	120,527	-	120,527	-	120,527
Total comprehensive loss for the financial year	-	-	120,527	(2,467,262)	(2,346,735)	(54,169)	(2,400,904)
Balance at 30 September 2013	11,440,000	206,910	216,607	(3,932,525)	7,930,992	(70,199)	7,860,793
Loss for the financial year	-	-	-	(5,112,013)	(5,112,013)	(46,880)	(5,158,893)
Other comprehensive income for the financial year	-	-	(78,509)	-	(78,509)	3,370	(75,139)
Total comprehensive loss for the financial year	-	-	(78,509)	(5,112,013)	(5,190,522)	(43,510)	(5,234,032)
Transaction with owners:							
Issuance of share capital during the year	4,860,000	171,600	-	-	5,031,600	-	5,031,600
Balance at 30 September 2014	16,300,000	378,510	138,098	(9,044,538)	7,772,070	(113,709)	7,658,361
Company							
Balance at 1 October 2012	11,440,000	206,910	-	1,768,237	13,415,147	-	13,415,147
Total comprehensive loss for the financial year	-	-	-	(1,584,775)	(1,584,775)	-	(1,584,775)
Balance at 30 September 2013	11,440,000	206,910	-	183,462	11,830,372	-	11,830,372
Total comprehensive loss for the financial year	-	-	-	(2,061,255)	(2,061,255)	-	(2,061,255)
Transaction with owners:							
Issuance of share capital during the year	4,860,000	171,600	-	-	5,031,600	-	5,031,600
Balance at 30 Sepember 2014	16,300,000	378,510	-	(1,877,793)	14,800,717	-	14,800,717

The accompanying notes form an integral part of the financial statements.

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
OPERATING ACTIVITIES				
Loss before tax	(5,158,893)	(2,550,880)	(2,061,255)	(1,614,451)
Adjustment for:-				
Amortisation of intangible assets	843,034	285,182	79,493	145,462
Bad debts written off	-	5,051	-	-
Depreciation of property, plant and equipment	125,759	165,236	2,626	2,613
Gain on disposal of property, plant and equipment	(4,359)	(1,781)	-	-
Impairment loss on amount due from subsidiary	-	-	572,448	98,750
Impairment loss on trade receivables	19,957	488,551	-	455,625
Impairment loss on investment in subsidiary	-	-	370,000	767,901
Impairment loss on intangible assets	1,556,159	1,258,200	-	-
Inventories written down	35,946	43,002	-	-
Inventories written off	26,184	23,173	-	-
Interest expense	65,791	97,578	-	102
Interest income	(6,650)	(11,122)	(4,467)	(2,287)
Property, plant and equipment written off	(69,520)	-	-	-
Reversal of impairment loss on trade receivables	(19,859)	(3,250)	-	-
Reversal of inventories written down	-	(131,564)	-	-
Unrealised (gain)/loss on foreign exchange	4,258	(107,653)	4,596	(88,383)
Operating loss before working capital changes	(2,582,193)	(440,277)	(1,036,559)	(234,668)
Changes in working capital:-				
Inventories	1,155,255	(375,559)	-	-
Receivables	690,130	(509,270)	(548,791)	(494,571)
Payables	(692,370)	(205,989)	244,099	(226,691)
Director	(10,365)	(173)	-	(13)
Bill payables	-	202,037	-	-
Subsidiaries	-	-	(356,175)	(132,746)
Cash used in operations	(1,439,543)	(1,329,231)	(1,697,426)	(1,088,689)
Tax refund	76,908	68,544	-	-
Tax paid	-	(624)	-	(624)
Net cash used in operating activities	(1,362,635)	(1,261,311)	(1,697,426)	(1,089,313)

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONT'D)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
INVESTING ACTIVITIES					
Addition of development costs		-	(469,151)	-	-
Purchase of property, plant and equipment		(42,173)	(248,453)	(3,029)	-
Interest received		6,650	11,122	4,467	2,287
Proceeds from disposal of property, plant and equipment		268,541	17,819	-	-
Advances to subsidiaries		-	-	(154,668)	(970,738)
Acquisition of subsidiary, net of cash acquired		-	*	-	*
Net cash from/(used in) investing activities		233,018	(688,663)	(153,230)	(968,451)
FINANCING ACTIVITIES					
Issuance of share capital		5,031,600	-	5,031,600	-
Interest paid		(65,791)	(97,578)	-	(102)
Drawdown of term loans		-	748,500	-	-
Repayment of term loans		(1,414,466)	(411,181)	-	-
Repayment of finance lease liabilities		-	(35,574)	-	-
Net cash from/(used in) financing activities		3,551,343	204,167	5,031,600	(102)
CASH AND CASH EQUIVALENTS					
Net increase/(decrease)		2,421,726	(1,745,807)	3,180,944	(2,057,866)
Effect of exchange differences		(1,026)	(17,518)	-	8,003
Brought forward		1,572,110	3,335,435	610,789	2,660,652
Carried forward	A	3,992,810	1,572,110	3,791,733	610,789

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in statements of cash flows comprises the following amounts:-

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash and bank balances	3,989,332	1,134,907	3,791,733	610,789
Fixed deposits with licensed bank	3,478	635,655	-	-
Bank overdraft (Note 17)	-	(198,452)	-	-
	3,992,810	1,572,110	3,791,733	610,789

* less than RM1

The accompanying notes form an integral part of the financial statements.

DGB ASIA BERHAD
(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2014

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Block B-2-1, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan.

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection ("AIDC") and investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 22 January 2015.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Malaysian Financial Reporting Standards (MFRSs)

Adoption of New or Revised MFRSs, Amendments/Improvements to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new and revised MFRSs and amendments/improvements to MFRSs and IC Int which are mandatory for the financial periods beginning on or after 1 October 2013.

Initial application of the new and revised MFRSs and amendments/ improvements to MFRSs and IC Int did not have material impact on the financial statements of the Company, except below mentioned.

2. BASIS OF PREPARATION (CONT'D)

2.4 Malaysian Financial Reporting Standards (MFRSs) (cont'd)

Adoption of New or Revised MFRSs, Amendments/Improvements to MFRSs and IC Interpretations ("IC Int") (cont'd)

The nature and impact of these new standards and amendments are described below:-

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current financial year. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS 13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by MFRS 13 for the comparative period.

2.5 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been adopted early by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted in the Group and the Company's accounting policies for the first period beginning after the effective date of pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 9 Financial Instruments

The MASB recently releases MFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to MFRS 139's guidance on the classification and measurement of financial assets and introduces new 'expected credit loss' model for the impairment of financial assets. MFRS 9 also provides greater flexibility on the application of hedge accounting.

The Company's management have yet to assess the impact of MFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 clarify the requirements relating to offsetting financial assets and financial liabilities. The amendments clarified the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. These are effective for annual periods beginning on or after 1 January 2014.

The Group and the Company do not anticipate that the application of amendments to MFRS 132 have any significant impact on the Group and the Company's financial statements as the Group and the Company do not have any financial assets and financial liabilities which qualified for offset.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 *Estimation Uncertainty*

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Impairment of intangible assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of intangible assets and sensitivity analysis to changes in the assumptions are disclosed in Note 6 to the Financial Statements.

2.6.2 *Significant Management Judgement*

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Internally generated software and development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 *Significant Management Judgement (cont'd)*

Internally generated software and development costs (cont'd)

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Subsidiaries (cont'd)

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, 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. Besides, the Group 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 of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is included in profit and loss.

3.3 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the RM (the Group's presentation currency) are translated into RM upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency translation

On consolidation, assets and liabilities have been translated into RM at the closing rate at the end of the reporting period. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into RM at the closing rate.

On disposal of foreign operations which resulted in a loss of control, the cumulative translation differences recognised in equity (the exchange translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. On partial disposal of foreign operations, the proportionate share of the cumulative translation differences recognised in equity shall be re-attributed to the non-controlling interests in that foreign operations.

3.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Furniture and fittings	10%
Computer and softwares	33%
Motor vehicles	20%
Office equipment	20% - 33%
Renovations	20% - 33%
Leasehold improvement	10%
Plant and equipment	20%
Speedboat	20%
Kiosk	33%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

The residual values and useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

3.5.1 Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Development costs have a finite useful life and are amortised over the period of expected sales from the related project of three years on a straight line basis.

3.5.2 Software licence

Acquired software licence is initially capitalised at cost which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Software licence is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

3.5.3 Intellectual property

In the financial year ended 2014, the Group has changed its estimate with respect to the useful lives of the intellectual property from indefinite life to useful lives of 6 years. The impact of such change is disclosed in Note 6.

Intellectual property is carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged using the straight line method over their estimated useful lives.

The amortisation period and amortisation method of intangible assets are reviewed at least at the end of each financial year. The effects of any revisions are recognised in profit or loss when the change arise.

Intellectual property is written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

3.5.4 Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

3.5.4 Goodwill (cont'd)

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit.

Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill shall not be reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

3.6 Leases

3.6.1 Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating lease. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below:-

3.7.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

At the reporting date, the Group and the Company have not designated any financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets. The Group and the Company carry only loans and receivables on their statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.1 Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

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

3.7.2 Financial liabilities

After the initial recognition, financial liability is classified as:-

(a) financial liability at fair value through profit or loss;
(b) other financial liabilities measured at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss. The Group and the Company carry only other financial liabilities on their statements of financial position.

Other financial liabilities

The Group's and the Company's financial liabilities include borrowings, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings 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 end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets

3.8.1 Financial assets

The Group and the Company assess at each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.8.2 Non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets (cont'd)

3.8.2 Non-financial assets (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, the reversal is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.9 Inventories

Inventories comprising finished goods are stated at the lower of cost and net realisable value.

The cost of finished goods is determined on weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits pledged to licensed bank and short term demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft, if any, is deducted.

3.11 Borrowing costs

Borrowings costs are recognised as expense in the profit or loss in the period which they incurred. Borrowing cost consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee benefits

3.12.1 Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.12.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries's statutory pension scheme.

3.12.3 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3.13 Revenue recognition

Revenue from sale of goods are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Revenue from provision of services is recognised on the provision of assessment and development services which is based on the fee income of time worked.

Revenue from licensed fee is recognised when it is probable that licensed fee will be received, which is normally when the event has occurred.

Interest income is recognised on a time-apportioned basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(Accumulated losses)/Retained earnings include all current and prior period (accumulated losses)/retained profits.

All transactions with owners of the parent are recorded separately within equity.

3.15 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or other comprehensive income.

3.15.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.15.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax expense (cont'd)

3.15.2 Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, 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. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-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 outflow or economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a chance in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

3.19 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

A party is related to an entity if:-

(i) A person or a close member of that person's family is related to the Company if that person:

(1) has control or joint control over the Company;
(2) has significant influence over the Company; or
(3) is a member of the key management personnel of the holding company of the Company, or the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

(1) The entity and the Company are members of the same group.
(2) One entity is an associate or joint venture of the other entity.
(3) Both entities are joint ventures of the same third party.
(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
(6) The entity is controlled or jointly-controlled by a person identified in (i) above.
(7) A person identified in (i)(1) above which has significant influence over the entity or is member of the key management personnel of the entity (or of the parent of the entity).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and fittings RM	Plant and equipment RM	Motor vehicles RM	Office equipment RM	Computer and softwares RM	Leasehold improvement and renovations RM	Kiosk RM	Speedboat RM	Total RM
Cost									
At 1.10.2012	75,186	88,115	122,588	160,535	375,020	235,386	246,301	50,036	1,353,167
Additions	1,503	-	82,555	35,204	129,191	-	-	-	248,453
Written off	-	-	(27,443)	-	(8,680)	-	-	-	(36,123)
Disposals	-	-	-	-	(3,987)	-	-	(49,900)	(53,887)
Translation differences	1,112	2,476	3,328	4,327	11,431	7,263	-	(136)	29,801
At 30.9.2013	77,801	90,591	181,028	200,066	502,975	242,649	246,301	-	1,541,411
Additions	-	-	-	-	22,217	19,956	-	-	42,173
Written off	(9,789)	-	-	(63,706)	(15,903)	(209,262)	-	-	(298,660)
Disposals	(1,494)	(71,407)	(146,669)	(14,438)	(24,116)	-	-	-	(258,124)
Translation differences	(1,631)	(326)	(919)	(1,161)	(3,264)	(957)	-	-	(8,258)
At 30.9.2014	64,887	18,858	33,440	120,761	481,909	52,386	246,301	-	1,018,542
Accumulated depreciation									
At 1.10.2012	35,923	26,322	107,952	139,949	287,968	110,911	246,301	32,524	987,850
Charge for the financial year	6,372	17,589	6,487	11,803	94,815	26,506	-	1,664	165,236
Written off	-	-	(27,443)	-	(8,680)	-	-	-	(36,123)
Disposals	-	-	-	-	(3,750)	-	-	(34,099)	(37,849)
Translation differences	655	1,069	3,056	4,188	12,087	4,423	-	(89)	25,389
At 30.9.2013	42,950	44,980	90,052	155,940	382,440	141,840	246,301	-	1,104,503
Charge for the financial year	5,754	7,337	13,555	11,528	61,562	26,023	-	-	125,759
Written off	(4,558)	-	-	(63,276)	(15,903)	(145,403)	-	-	(229,140)
Disposals	(150)	(33,322)	(71,339)	(10,434)	(17,737)	-	-	-	(132,982)
Translation differences	(908)	(137)	(500)	(711)	(650)	(575)	-	-	(3,481)
At 30.9.2014	43,088	18,858	31,768	93,047	409,712	21,885	246,301	-	864,659
Net carrying amount									
At 30.9.2014	21,799	-	1,672	27,714	72,197	30,501	-	-	153,883
At 30.9.2013	34,851	45,611	90,976	44,126	120,535	100,809	-	-	436,908

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

Company	Computer and softwares RM
Cost	
At 1.10.2013	7,838
Additions	3,029
At 30.9.2014	10,867
Accumulated depreciation	
At 1.10.2013	5,221
Charge for the financial year	2,626
At 30.9.2014	7,847
Net carrying amount	
At 30.9.2014	3,020
At 30.9.2013	2,617

In last financial year, the Group's motor vehicles, computer and plant and equipment with net carrying amount RM41,844, Nil and RM8,422 respectively are acquired under finance lease arrangements.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	9,975,886	9,975,886
Less: Impairment losses	(1,137,901)	(767,901)
	8,837,985	9,207,985

The movement of impairment losses is as follows:-

	2014 RM	2013 RM
At 1 October	767,901	-
Recognised in profit or loss	370,000	767,901
At 30 September	1,137,901	767,901

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries are as follows:-

Name of companies	Effective interest 2014 %	Effective interest 2013 %	Country of incorporation	Principal activities
Digital Scanning Corporation Pte Ltd ("DIGITAL") *	100	100	Republic of Singapore	Provision of software solution, consultancy services and distribution of AIDC products
DSC Systems (M) Sdn Bhd	100	100	Malaysia	Business wholesale and retail dealers in digital scan equipment and related products
Resellerasia Pte Ltd *	80	80	Republic of Singapore	Trading in technological products, computer hardware and software, software applications and, related products and services
ResellerAsia (Hong Kong) Limited #	100	100	Hong Kong Special Administrative Region of The People's Republic of China	Trading in technological products, computer hardware and software, software applications and related products and services
Subsidiary of DIGITAL:-				
Digital Scanning Corporation (Suzhou) Co. Ltd. #	100	100	The People's Republic of China	Dormant

* Subsidiaries not audited by SJ Grant Thornton.

\# An audit has been carried out by SJ Grant Thornton for the purposes of forming a group opinion.

6. INTANGIBLE ASSETS

Group	Development costs RM	Software licence RM	Intellectual property RM	Goodwill RM	Total RM
Cost					
At 1.10.2012	3,411,325	700,504	4,503,240	912,871	9,527,940
Additions	469,151	-	-	-	469,151
Translation differences	-	25,071	161,172	-	186,243
At 30.9.2013	3,880,476	725,575	4,664,412	912,871	10,183,334
Translation differences	-	(5,331)	(34,272)	-	(39,603)
At 30.9.2014	3,880,476	720,244	4,630,140	912,871	10,143,731
Accumulated amortisation					
At 1.10.2012	3,186,370	385,277	-	-	3,571,647
Charge for the financial year	145,462	139,720	-	-	285,182
Translation differences	-	19,184	-	-	19,184
At 30.9.2013	3,331,832	544,181	-	-	3,876,013
Charge for the financial year	79,493	144,454	619,087	-	843,034
Translation differences	-	(4,403)	(1,735)	-	(6,138)
At 30.9.2014	3,411,325	684,232	617,352	-	4,712,909
Accumulated impairment loss					
At 1.10.2012	-	-	-	-	-
Impairment during the financial year	-	-	898,200	360,000	1,258,200
Translation differences	-	-	34,682	-	34,682
At 30.9.2013	-	-	932,882	360,000	1,292,882
Impairment during the financial year	469,151	36,012	680,996	370,000	1,556,159
Translation differences	-	-	(8,763)	-	(8,763)
At 30.9.2014	469,151	36,012	1,605,115	730,000	2,840,278
Net carrying amount					
At 30.9.2014	-	-	2,407,673	182,871	2,590,544
At 30.9.2013	548,644	181,394	3,731,530	552,871	5,014,439

6. INTANGIBLE ASSETS (CONT'D)

	Development costs RM
Company	
Cost	
At 1.10.2012/ 30.9.2013/ 30.9.2014	3,411,325
Accumulated amortisation	
At 1.10.2012	3,186,370
Charge for the financial year	145,462
At 30.9.2013	3,331,832
Charge for the financial year	79,493
At 30.9.2014	3,411,325
Net carrying amount	
At 30.9.2014	-
At 30.9.2013	79,493

(a) Development costs

Development costs are costs incurred for developing software in order to sell to customers.

The management of the Group carried out a review of the recoverable amount of its development costs during the financial year. The review suggested recognition of full impairment loss.

(b) Software license

The software license consist of an exclusive software licensing rights to use and integrate the acquired software into the Group's products.

The management of the Group carried out a review of the recoverable amount of its development costs during the financial year. The review suggested recognition of full impairment loss.

6. INTANGIBLE ASSETS (CONT'D)

(c) Intellectual property

The intellectual property consists of software which was deemed to have an indefinite useful life as there is no expiry date and this serves as a platform to develop other software in the same series. During the year, the Group conducted a review on the estimated useful life of its intellectual property and revised the estimated useful life of intellectual property from in infinite lifespan to 6 years in light of recent changes in technology. The changes was made to better reflect the expected pattern of economic benefits from the use of the intangible asset over time based on an analysis of the expected future usage of the underlying technology and historical usage experience. The revision in estimate has been applied on prospective basis from financial year beginning on 1 October 2013.

(d) Goodwill

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units.

The following key assumptions were used to calculate the recoverable amount of the intangible assets:-

- Cash flows were projected based on actual operating results and a 5-year business plan.
- Revenue was projected at anticipated annual revenue growth of approximately 40% in 2015 (30.9.2013: 11% in 2014) and 6% from 2016 to 2019 (30.9.2013: 11% from 2015 to 2018).
- A pre-tax discount rate of 6.85% (30.9.2012: 6.75%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's existing rate of borrowing.

By using the above method, the recoverable amount was lower than the carrying amount of the cash generating units. Thus, an impairment loss of RM680,996 in intellectual property and RM370,000 in goodwill were recognised in profit or loss during the financial year.

With regards to the assessments of value-in-use of these cash generating units, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

7. INVENTORIES

	Group	
	2014 RM	2013 RM
Finished goods	499,287	1,718,268
Translation differences	-	(1,596)
	499,287	1,716,672

	2014 RM	2013 RM
Recognised in profit and loss:-		
Recognised as cost of sales	7,796,983	9,389,881
Inventories written down	35,946	43,002
Inventories written off	26,184	23,173
Reversal of inventories written down	-	(131,564)

The reversal of inventories written down in last year was made when the related inventories were sold above their carrying amounts.

8. TRADE RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables	1,705,166	2,264,246	1,066,654	455,625
Less: Impairment losses	(513,958)	(493,586)	(475,899)	(455,625)
	1,191,208	1,770,660	590,755	-

The movement of impairment losses is as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 October	493,586	8,285	455,625	-
Recognised	40,231	488,551	20,274	455,625
Reversed	(19,859)	(3,250)	-	-
At 30 September	513,958	493,586	475,899	455,625

8. TRADE RECEIVABLES (CONT'D)

The impairment loss on trade receivables was reversed as a result of subsequent receipts and written off of the amount.

Trade receivables are non-interest bearing and are generally on 30 to 120 (30.9.2013: 30 to 120) days term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The foreign currency exposure profile of trade receivables is as follows:-

	Group	
	2014	2013
	RM	RM
Singapore Dollar	271,362	630,261
US Dollar	-	594,650
Hong Kong Dollar	-	115,931

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-trade receivables	6,753	136,991	-	-
Deposits	101,039	32,796	1,000	1,000
Prepayments	47,629	80,394	34,492	76,456
	155,421	250,181	35,492	77,456

The foreign currency exposure profile of other receivables is as follows:-

	Group	
	2014	2013
	RM	RM
Singapore Dollar	41,226	156,724
Thai Baht	-	396

10. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Trade in nature	1,656,010	1,650,059
Non-trade in nature	954,019	835,448
	2,610,029	2,485,507
Less: Impairment losses	(572,448)	(98,750)
	2,037,581	2,386,757

All outstanding balances arising from trade transactions are unsecured, repayable within 90 (2013: 90) days from the date of transactions and interest free.

All outstanding balances arising from non-trade transactions are unsecured, bear no interest and repayable on demand.

The movement of impairment losses is as follows:-

	2014	2013
	RM	RM
Non-trade		
At 1 October	98,750	-
Recognised	473,698	98,750
At 30 September	572,448	98,750

The foreign currency exposure profile of the amount due from subsidiaries is as follows:-

	Company	
	2014	2013
	RM	RM
Singapore Dollar	2,037,581	1,978,779
Hong Kong Dollar	572,448	506,728

11. FIXED DEPOSITS WITH LICENSED BANK

Group

The fixed deposits were pledged to banks for banking facilities granted to a subsidiary.

The interest rates of fixed deposits with licensed bank range from 0.25% to 3.00% (30.9.2013: 0.25% to 3.00%) per annum.

11. FIXED DEPOSITS WITH LICENSED BANK (CONT'D)

The foreign currency exposure profile of the fixed deposits with licensed bank is as follows:-

	Group	
	2014	2013
	RM	RM
Singapore Dollar	-	412,179

12. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances is as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Hong Kong Dollar	-	259,770	-	259,770
Singapore Dollar	138,652	250,943	-	-
US Dollar	-	27,141	-	-
Indonesian Rupiah	-	396	-	-

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.10 each		Amount	
	2014	2013	2014	2013
			RM	RM
Authorised:-				
1 October/30 September	250,000,000	250,000,000	250,000,000	25,000,000
Issued and fully paid:-				
1 October	114,400,000	114,400,000	11,440,000	11,440,000
Shares issued during the year	48,600,000	-	4,860,000	-
30 September	163,000,000	114,400,000	16,300,000	11,440,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

14. SHARE PREMIUM

	Group and Company	
	2014	2013
	RM	RM
1 October	206,910	206,910
Arising from issuance of shares for private placement	171,600	-
Less: Shares issuance expenses	-	-
30 September	378,510	206,910

15. TRANSLATION RESERVE

	Group	
	2014	2013
	RM	RM
1 October/30 September	138,098	216,607

The translation reserve represents exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

16. (ACCUMULATED LOSSES)/RETAINED EARNINGS

Company

As at 30 September 2013, the Company was under the single tier tax system. Accordingly, the entire earnings as of 30 September 2014 of the Company was available for distribution as dividend under single tier system.

17. BANK BORROWINGS

		Group 2013 RM
Non-current		
Secured		
Term loans	(i)	165,794
Current		
Secured		
Term loans	(i)	397,899
Bill payables		785,865
		1,183,764
Unsecured		
Bank overdraft		198,452
		1,382,216
Total bank borrowings		1,548,010

The bank borrowings of the Group was secured by way of:

Term loans (i)

(a) Joint and several guarantee by certain Directors of subsidiaries;
(b) Corporate guarantee by the Company; and
(c) Factoring of all receivables of one customer of a subsidiary.

The interest is charged at rate of 6.75% (30.9.2013: 6.75% to 8.38%) per annum.

The foreign currency exposure profile of bank borrowings was as follows:-

	Group 2013 RM
Singapore Dollar	762,155
US Dollar	785,855

18. DEFERRED TAXATION

Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of their recoverability:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Temporary differences arising from:				
- Property,plant and equipment	(28,000)	(258,000)	224	324
- Unabsorbed business losses	1,191,000	2,498,000	105,000	10,483
- Unutilised capital allowances	82,000	174,000	1,000	-
	1,245,000	2,414,000	106,224	10,807

The potential deferred tax assets of the Group and of the Company are not provided for in the financial statements as it is anticipated that the tax effects of such benefits will not reverse in the foreseeable future.

19. TRADE PAYABLES

The trade payables are non-interest bearing and are generally on 30 to 180 (2013: 30 to 180) days term.

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2014	2013
	RM	RM
Singapore Dollar	146,652	172,384
US Dollar	-	838,712

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Advance received from customers	178,035	2,905	-	-
Accrual of expenses	159,127	340,161	54,701	105,955
Non-trade payables	250,615	130,106	198,183	43,134
Deposits received	16,813	31,272	-	-
	604,590	504,444	252,884	149,089

The foreign currency exposure profile of other payables is as follows:-

	Group	
	2014	2013
	RM	RM
Singapore Dollar	175,376	267,783

21. AMOUNT DUE TO A SUBSIDIARY

	Company	
	2014	2013
	RM	RM
Trade in nature	146,569	147,617
Non-trade in nature	(43,908)	238,019
	102,661	385,636

All outstanding balances arising from trade transactions are unsecured, repayable within 90 (2013: 90) days from date of transactions and interest free.

All outstanding balances arising from the non-trade transactions are unsecured, bear no interest and repayable on demand.

22. AMOUNT DUE TO A DIRECTOR

Group

The amount due to a Director is unsecured, bears no interest and repayable on demand.

22. AMOUNT DUE TO A DIRECTOR (CONT'D)

Group

The foreign currency exposure profile of the amount due to a Director is as follows:-

	2014 RM	2013 RM
Singapore Dollar	-	10,365

23. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Proprietary software	385,070	1,672,543	-	572,171
Value added products and services	2,997,578	5,879,621	-	-
AIDC hardware/equipment	5,417,744	4,009,092	3,435,000	597,227
	8,800,392	11,561,256	3,435,000	1,169,398

24. LOSS BEFORE TAX

Loss before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Amortisation of intangible assets	843,034	285,182	79,493	145,462
Auditors' remuneration				
- statutory audit	73,000	73,000	54,000	54,000
- others	-	4,000	-	4,000
- other external auditors	-	42,415	-	-
Bad debts written off	-	5,051	-	-
Depreciation of property, plant and equipment	125,759	165,236	2,626	2,613
Directors' emoluments	918,592	1,092,112	193,000	163,185
Finance cost				
- finance lease interest	3,776	1,165	-	-
- term loans interest	24,547	49,002	-	-
- bank overdraft interest	-	102	-	102
- others	37,468	47,309	-	-
Impairment				
- investment in subsidiary	-	-	370,000	767,901
- trade receivables	40,231	488,551	20,274	455,625
- amount due from subsidiary	-	-	572,448	98,750
- intangible assets	1,556,159	1,258,200	-	-
Inventories written down	35,946	43,002	-	-
Inventories written off	26,184	23,173	-	-
Property, plant and equipment written off	69,520	-	-	-
Office rental	246,094	32,900	1,400	1,400
Realised loss/(gain) on foreign exchange	55,112	70,834	17,351	(11,722)
Unrealised (gain)/loss on foreign exchange	4,258	(107,653)	4,596	(88,383)
Gain on disposal of property, plant and equipment	(4,359)	(1,781)	-	-
Bad debts recovered	-	(950)	-	-
Reversal of impairment loss on trade receivables	(19,859)	(3,250)	-	-
Reversal of inventories written down	-	(131,564)	-	-
Interest income	(6,650)	(11,122)	(4,467)	(2,287)

24. LOSS BEFORE TAX (CONT'D)

The details of remuneration receivables by Director of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive Directors				
Fees	640,854	727,500	193,000	163,185
Salaries	249,879	313,123	-	-
Defined contribution plan	27,859	37,924	-	-
Other emoluments		13,565	-	-
	918,592	1,092,112	193,000	163,185

25. TAX INCOME

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
In Malaysia				
Current year provision	-	3,000	-	-
Overprovision in prior year	-	(29,676)	-	(29,676)
	-	(26,676)	-	(29,676)

Malaysian income tax is calculated at the statutory rate of 25% of the estimated assessable profits for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

25. TAX INCOME (CONT'D)

A reconciliation of income tax expense of statutory tax rate to effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss before tax	(5,158,893)	(2,550,880)	(2,061,255)	(1,614,451)
Taxation at Malaysian statutory tax rate of 25%	(1,289,723)	(637,720)	(515,314)	(403,613)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	1,592,610	514,174	419,707	365,838
Deferred tax assets/ (liability) not recognised	(292,250)	165,500	95,607	37,775
Different tax rates in overseas subsidiaries	1,617	(8,743)	-	-
Income not subject to tax	(12,254)	(30,211)	-	-
Overprovision in prior year	-	(29,676)	-	(29,676)
Tax income	-	(26,676)	-	(29,676)

26. LOSS PER SHARE

Basic loss per share are calculated by dividing loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
Basic		
Loss attributable to owners of the Company (RM)	5,112,013	2,467,262
Weighted average number of ordinary shares (unit)	126,516,712	114,400,000
Basic loss per share (sen)	0.40	2.16

26. LOSS PER SHARE (CONT'D)

Diluted

The basic and diluted loss per share are the same as the Company has no dilutive potential ordinary shares.

	Group	
	2014	2013
	Unit	Unit
Weighted average number of ordinary shares		
Issued ordinary shares as at 1 October	114,400,000	114,400,000
Effect of ordinary shares issued during the financial year	12,116,712	-
Weighted average number of ordinary shares as at 30 September	126,516,712	114,400,000

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Salaries, wages and other emoluments	1,413,016	2,271,359	289,521	68,750
Defined contribution plan	83,186	162,522	11,212	8,730
Social security contributions	4,952	4,116	815	413
Other benefits	60,322	125,540	22,512	3,029
	1,561,476	2,563,537	324,060	80,922

The following are included in employee benefits expense:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors' emoluments	918,592	1,092,112	193,000	163,185

28. COMMITMENTS

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating lease commitments are as follows:-

	Group	
	2014	2013
	RM	RM
Future minimum lease payments payable:		
Not later than 1 year	112,001	266,153
Later than 1 year but not later than 2 years	112,001	245,353
Later than 2 years but not later than 5 years	-	259,895
	224,002	771,401

Operating lease commitments represent rentals payable for rent of the offices. Leases are negotiated for terms of 2 years (2013: 3 years).

29. FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	Company	
	2014	2013
	RM	RM
Unsecured		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	1,349,376

The banking facilities were collateralised by the assets of the subsidiary and corporate guarantee serves as the additional credit enhancement. As such, the fair value of the credit enhancement provided by the corporate guarantee is minimal.

30. RELATED PARTY DISCLOSURE

(a) The transaction of the Company with the related parties is as follows:-

	Company	
	2014	2013
	RM	RM
Sales to subsidiaries	-	572,171
Management fees charged by a subsidiary	184,095	323,303

(b) The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 24 and 27 to the Financial Statements. The Company has no other members of key management personnel apart from the Board of Directors.

(c) The outstanding balances arising from related party transactions as at the reporting date were disclosed in Note 10, 21 and 22 to the Financial Statements.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loan and receivables ("L&R") and other financial liabilities ("AC") measured at amortised cost:-

Group	Carrying amount RM	L&R RM	AC RM
30.9.2014			
Financial assets			
Trade receivables	1,191,208	1,191,208	-
Other receivables and deposits	107,792	107,792	-
Fixed deposits with licensed bank	3,478	3,478	-
Cash and bank balances	3,989,332	3,989,332	-
	5,291,810	5,291,810	-
Financial liabilities			
Trade payables	325,828	-	325,828
Other payables and accruals	604,590	-	604,590
	930,418	-	930,418
30.9.2013			
Financial assets			
Trade receivables	1,770,660	1,770,660	-
Other receivables and deposits	169,787	169,787	-
Fixed deposits with licensed bank	635,655	635,655	-
Cash and bank balances	1,134,907	1,134,907	-
	3,711,009	3,711,009	-
Financial liabilities			
Trade payables	1,122,048	-	1,122,048
Other payables and accruals	504,444	-	504,444
Amount due to a Director	10,365	-	10,365
Bank borrowings	1,548,010	-	1,548,010
	3,184,867	-	3,184,867

31. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as loan and receivables ("L&R") and other financial liabilities ("AC") measured at amortised cost (cont'd):-

	Carrying amount RM	L&R RM	AC RM
Company			
30.9.2014			
Financial assets			
Trade receivables	590,755	590,755	
Deposits	1,000	1,000	-
Amount due from subsidiaries	2,037,581	2,037,581	-
Cash and bank balances	3,791,733	3,791,733	-
	6,421,069	6,421,069	-
Financial liabilities			
Trade payables	140,304	-	140,304
Other payables and accruals	252,884	-	252,884
Amount due to a subsidiary	102,661	-	102,661
	495,849	-	495,849
30.9.2013			
Financial assets			
Deposits	1,000	1,000	-
Amount due from subsidiaries	2,386,757	2,386,757	-
Cash and bank balances	610,789	610,789	-
	2,998,546	2,998,546	-
Financial liabilities			
Other payables and accruals	149,089	-	149,089
Amount due to a subsidiary	385,636	-	385,636
	534,725	-	534,725

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

(i) ***Receivables (cont'd)***

As at the end of the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

The ageing analysis of these trade receivables is as follows:-

Group	**Gross** RM	**Individually impaired** RM	**Net** RM
30.9.2014			
Not past due	233,038	-	233,038
Past due 1-30 days	39,420	-	39,420
Past due 31-60 days	677,115	-	677,115
Past due 61-90 days	553,403	(475,899)	77,504
More than 91days	202,190	(38,059)	164,131
	1,705,166	(513,958)	1,191,208
30.9.2013			
Not past due	967,695	-	967,695
Past due 1-30 days	407,544	-	407,544
Past due 31-60 days	170,330	-	170,330
Past due 61-90 days	103,384	-	103,384
More than 91days	615,293	(493,586)	121,707
	2,264,246	(493,586)	1,770,660

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

(i) ***Receivables (cont'd)***

The ageing analysis of these trade receivables is as follows (cont'd):-

Company	**Gross** RM	**Individually impaired** RM	**Net** RM
30.9.2014			
Past due 31-60 days	550,000	-	550,000
Past due 61-90 days	516,654	(475,899)	40,755
	1,066,654	(475,899)	590,755

Trade receivables that are neither past due nor impaired are credit worthy receivables with good payment records with the Group and the Company.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

(i) ***Receivables (cont'd)***

As at 30 September 2014, trade receivables of the Group and of the Company that were past due but not impaired are as follows:-

	Group RM	**Company** RM
30.9.2014	958,170	590,755
30.9.2013	802,965	-

These relate to a number of independent customers for whom there is no recent history of default.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of reporting period relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The credit risk concentration profile of the Group and of the Company as at the end of the reporting period is as follows:-

	Group	
	2014 RM	2013 RM
By country:		
Malaysia	919,846	429,818
Singapore	271,362	630,261
Hong Kong	-	115,931
Others	-	594,650
	1,191,208	1,770,660

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

(i) ***Receivables (cont'd)***

In respect of trade receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in geographical areas.

(ii) ***Corporate guarantees***

The maximum exposure to credit risk representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period as disclosed in Note 29.

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

(iii) ***Intercompany balances***

The maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

The Company provides unsecured advance to subsidiaries and monitors the results of the subsidiaries regularly. As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company and will not be able to meet their financial obligations as they fall due as a result of shortage of funds.

In managing their exposure to liquidity risk arises principally from its various payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

Following are the areas where the Group and the Company are exposed to liquidity risk:-

30.9.2014 **Group**	**Carrying amount** RM	**Contractual cash flows** RM	**Within 1 year** RM	**1 to 2 years** RM
Unsecured				
Trade payables	325,828	325,828	325,828	-
Other payables	604,590	604,590	604,590	-
	930,418	930,418	930,418	-
Company				
Unsecured				
Trade payables	140,304	140,304	140,304	-
Other payables	252,884	252,884	252,884	-
Amount due to a subsidiary	102,661	102,661	102,661	-
	495,849	495,849	495,849	-

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

Following are the areas where the Group and the Company are exposed to liquidity risk (cont'd):-

30.9.2013 **Group**	**Carrying amount** RM	**Contractual cash flows** RM	**Within 1 year** RM	**1 to 2 years** RM
Unsecured				
Trade payables	1,122,048	1,122,048	1,122,048	-
Other payables	504,444	504,444	504,444	-
Amount due to a Director	10,365	10,365	10,365	-
Secured				
Bill payables	785,865	785,865	785,865	
Bank overdraft	198,452	198,452	198,452	
Term loans	563,693	604,543	454,603	149,940
	3,184,867	3,225,717	3,075,777	149,940
Company				
Unsecured				
Other payables	149,089	149,089	149,089	-
Amount due to a subsidiary	385,636	385,636	385,636	-
	534,725	534,725	534,725	-

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's and the Company's exposure to foreign currency risk, the Group and the Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group and the Company. The currency giving rise to this risk is primarily Singapore Dollar (SGD).

As at the reporting date, the management of the Group and of the Company determined that the effects of sensitivity of the Group's and of the Company's loss for the financial year to a reasonable possible change in the SGD exchange rate to be immaterial.

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group's targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting period were as follows:-

	Group
30.9.2014	RM
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed bank	3,478

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risk (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) **Interest rate risk (cont'd)**

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting period were as follows (cont'd):-

	Group
30.9.2013	RM
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed bank	635,655
Floating rate instruments	
Financial liabilities	
Bank borrowings	1,548,010

The Group does not account for any fixed rate financial assets and liabilities through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

As at the reporting date, the management of the Group determined that the effects of sensitivity of the Group's loss for the financial year to a reasonable possible change in the interest rates to be immaterial.

Fair Value of Financial Instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

Kindly refer to Note 29 for detail on fair value of financial guarantee.

33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value.

33. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital.

Total capital managed of the Group and of the Company is the shareholders' funds as shown in the statements of financial position.

There were no changes in the Group's and the Company's capital management during the financial year.

34. OPERATING SEGMENT

(i) Business segment

For management purposes, the Group is organised into 3 major business units based on their products and services which comprise the following:-

(a)	Proprietary software	Licensing fee for the right to use the Company's customised in-house software and annual licensing, maintenance and technical support and project and contract fee
(b)	Value added products and services	Engineering services provided and supply of consumables
(c)	AIDC hardware/equipment	Sale of bar code and radio frequency identification reading equipment, hand-held computers and radio frequency data communications systems

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment.

34. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Group 2014	Note	Proprietary software RM	Value added products and services RM	AIDC hardware/ software RM	Elimination RM	Total RM
Revenue						
External revenue		466,417	6,682,823	1,651,152	-	8,800,392
Inter-segment Revenue	(a)	-	15,541	284,376	(299,917)	-
Total revenue		466,417	6,698,364	1,935,528	(299,917)	8,800,392
Results						
Interest income						6,650
Finance cost						(65,791)
Depreciation of property, plant and equipment						(125,759)
Amortisation of development costs						(79,493)
Amortisation of software license						(763,541)
Other non-cash expense	(b)					(1,687,806)
Segment loss						(5,158,893)
Assets						
Additions to non-current assets	(c)					42,173
Segment assets						8,592,483
Liabilities						
Segment liabilities						934,122

34. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Group (cont'd) 2013	Note	Proprietary software RM	Value added products and services RM	AIDC hardware/ software RM	Elimination RM	Total RM
Revenue						
External revenue		1,672,543	5,879,621	4,009,092	-	11,561,256
Inter-segment Revenue	(a)	667,248	713,254	554,517	(1,935,019)	-
Total revenue		2,339,791	6,592,875	4,563,609	(1,935,019)	11,561,256
Results						
Interest income						11,122
Finance cost						(97,578)
Depreciation of property, plant and equipment						(165,236)
Amortisation of development costs						(145,462)
Amortisation of software license						(139,720)
Other non-cash expenses	(b)					(1,503,729)
Tax income						26,676
Segment loss						(2,524,204)
Assets						
Additions to non-current assets	(c)					717,604
Segment assets						11,045,660
Liabilities						
Segment liabilities						3,184,867

34. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

(a) Inter-segment revenue are eliminated on consolidation.

(b) Other non-cash (expenses)/income consist of the following items:-

	Group 2014 RM	Group 2013 RM
Impairment loss on trade receivables	(19,957)	(488,551)
Impairment loss on intangible assets	(1,556,159)	(1,188,200)
Inventories written down	(35,946)	(43,002)
Inventories written off	(26,184)	(23,173)
Bad debts written off	-	(5,051)
Property, plant and equipment written off	(69,520)	-
Unrealised gain/(loss) on foreign exchange	(4,258)	107,653
Gain/(Loss) on disposal of property, plant and equipment	4,359	1,781
Reversal of impairment loss on trade receivables	19,859	3,250
Reversal of inventories written down	-	131,564
	(1,687,806)	(1,503,729)

(c) Additions to non-current assets consist of:-

	Group 2014 RM	Group 2013 RM
Property, plant and equipment	42,173	248,453
Intangible assets	-	469,151
	42,173	717,604

(d) It was not practicable to separate out the segment results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.

34. OPERATING SEGMENT (CONT'D)

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	Group			
	Revenue		Non-current assets	
	2014	2013	2014	2013
	RM	RM	RM	RM
Malaysia	5,190,689	3,814,574	63,611	684,336
Singapore	3,562,000	4,810,382	2,680,816	4,297,860
Hong Kong	-	597,227	-	469,151
Thailand	-	1,739,565	-	-
Others*	47,703	599,508	-	-
	8,800,392	11,561,256	2,744,427	5,451,347

* Contains countries with no individually revenue that more than 10% of the total consolidated revenue.

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	Group	
	2014	2013
	RM	RM
Property, plant and equipment	153,883	436,908
Intangible assets	2,590,544	5,014,439
	2,744,427	5,451,347

(iii) Information about major customers

Revenue from two major customers amount to approximately RM3,435,000 (2013: RM3,807,813) arising from sales by AIDC hardware/software segment.

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year ended 30 September 2014, the Company had made offer of options for 34,320,000 new shares at an exercise price of RM0.105 to eligible persons pursuant to the Company's Share Issuance Scheme. During the financial year ended 30 September 2014, all the shares under SIS options have duly exercised, raising a gross proceeds of RM3,603,600.

The Company had on 10 July 2014 completed the private placement exercise upon the listing of and quotation of 14,280,000 new ordinary shares of RM0.10 each in the Company at an issue of RM0.10 per share on Bursa Malaysia Securities Berhad.

DISCLOSURES OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdowns of retained earnings or accumulated losses as at the reporting date that has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total (accumulated losses)/ retained earnings of the Company and its subsidiaries:				
- Realised	(8,222,952)	(3,476,585)	(1,873,197)	95,079
- Unrealised	(4,258)	107,653	(4,596)	88,383
	(8,227,210)	(3,368,932)	(1,877,793)	183,462
Less: Consolidation adjustment	(817,328)	(563,593)	-	-
Total (accumulated losses)/retained earnings	(9,044,538)	(3,932,525)	(1,877,793)	183,462

The disclosures of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH PERIOD ENDED 31 DECEMBER 2014

CERTIFIED TRUE COPY

YONG YEN LING
Company Secretary
MAICSA 7044771

11 MAR 2015

dgb

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2014

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	AUDITED
	CURRENT QUARTER ENDED 31-Dec-2014	PRECEDING CORRESPONDING QUARTER ENDED 31-Dec-2013	CURRENT YEAR TO DATE ENDED 31-Dec-2014	PRECEDING CORRESPONDING YEAR TO DATE ENDED 31-Dec-2013
	RM'000	RM'000	RM'000	RM'000
Revenue	1,888	2,795	1,888	2,795
Cost of sales	(850)	(2,304)	(850)	(2,304)
Gross profit	1,038	491	1,038	491
Other income	-	67	-	67
Interest income	3	2	3	2
Selling and distribution expenses	(36)	(52)	(36)	(52)
Administrative expenses	(300)	(932)	(300)	(932)
Depreciation and amortization	(205)	(45)	(205)	(45)
Foreign exchange (loss) / gain	94	(30)	94	(30)
Impairment of goodwill	(455)	-	(455)	-
Other operating expenses	(1)	-	(1)	-
Profit / (Loss) from operations	138	(499)	138	(499)
Interest expenses	-	(13)	-	(13)
Finance expenses	-	(16)	-	(16)
Profit / (Loss) before tax expenses	138	(528)	138	(528)
Tax expenses	-	-	-	-
Profit / (Loss) after tax expenses	138	(528)	138	(528)
Other comprehensive (loss) / income - Foreign exchange translation from the foreign operations	25	(1)	25	(1)
Total comprehensive profit / (loss)	163	(529)	163	(529)
Profit / (Loss) attributable to :				
Equity holders of the company	139	(538)	139	(538)
Minority shareholders	(1)	10	(1)	10
	138	(528)	138	(528)
Total comprehensive profit / (loss) :				
Equity holders of the company	160	(539)	160	(539)
Minority shareholders	3	10	3	10
	163	(529)	163	(529)
Loss per share attributable to the equity holders of the Company (sen)	0.09	(0.47)	0.09	(0.47)

Note:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2014 and the accompanying explanatory notes to the interim financial statements.

There was no income / expense in relation to gain or loss on disposal of quoted or unquoted investment or properties, and gain or loss on derivaties and exceptional items.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH PERIOD ENDED 31 DECEMBER 2014 (*CONT'D*)

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2014

	UNAUDITED AS AT END OF CURRENT QUARTER 31-Dec-2014	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 30-Sep-2014
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	124	153
Goodwill	183	183
Intangible assets	1,911	2,408
	2,218	2,744
Current Assets		
Inventories	3,242	500
Trade receivables	1,273	1,191
Other receivables, deposits and prepayments	312	156
Tax recoverable	9	9
Fixed deposit with licensed banks	3	3
Cash and bank balances	2,344	3,989
	7,183	5,848
TOTAL ASSETS	9,401	8,592
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	16,300	16,300
Share Premium	379	379
Foreign exchange fluctuation reserve	159	138
Accumulated losses	(8,907)	(9,045)
Shareholders' funds	7,931	7,772
Minority interests	(111)	(114)
Total Equity	7,820	7,658
Current Liabilities		
Trade payables	1,112	326
Other payables and accruals	454	604
Amount due to directors	11	-
Dividend payable	4	4
	1,581	934
Total Liabilities	1,581	934
TOTAL EQUITY AND LIABILITIES	9,401	8,592
Net assets per share (RM)	0.05	0.05

Note:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH PERIOD ENDED 31 DECEMBER 2014 *(CONT'D)*

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2014

	<------- Non-Distributable	------->					
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Fluctuation Reserve RM'000	Distributable Accumulated losses RM'000	Shareholders' Fund RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 30 September 2013							
At 1 October 2013	11,440	207	217	(3,933)	7,931	(70)	7,861
Issuance of share capital pursuant to SIS	3,432	172	-	-	3,604	-	3,604
Issuance of share capital pursuant to Private Placement	1,428	-	-	-	1,428	-	1,428
Total comprehensive loss for the financial period	-	-	(79)	(5,112)	(5,191)	(44)	(5,235)
At 30 September 2014 (audited)	16,300	379	138	(9,045)	7,772	(114)	7,658
At 1 October 2013	16,300	379	138	(9,045)	7,772	(114)	7,658
Total comprehensive profit for the financial period	-	-	21	138	159	3	162
At 31 December 2014 (Unaudited)	16,300	379	159	(8,907)	7,931	(111)	7,820

Note:-

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2014 and the accompanying explanatory notes attached to the interim financial statements.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2014

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Dec-2014	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 30-Sep-2014
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	138	(5,159)
Adjustments for:		
Amortisation of intangile assets	101	843
Depreciation of property, plant and equipment	30	126
Finance cost	-	66
Gain on disposal of plant and equipment	-	(4)
Impairment loss on trade receivables	-	20
Impairment loss on intellectual property	455	1,556
Inventories written off	-	62
Property, plant and equipment write-off	(10)	(70)
Interest income	(3)	(7)
Reversal of impairment loss on trade receivables	-	(20)
Unrealised gain on foreign exchange translation	-	4
Operating profit / (loss) before working capital changes	711	(2,583)
Changes in working capital:		
(Increase) / Decrease in inventories	(2,743)	1,155
(Increase) / Decrease in receivables	(262)	690
Decrease / (Increase) in payables	637	(702)
Increase in amount owing to director	12	-
Cash flows used in operations	(1,645)	(1,440)
Tax refund	-	77
Net cash used in operating activities	(1,645)	(1,363)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(43)
Proceed from disposal of property, plant and equipment	-	269
Interest income received	3	7
Net cash generated from investing activities	3	233
Cash flows from financing activities		
Finance and interest cost paid	-	(66)
Issuance of share capital	-	5,032
Repayment of term loan	-	(1,415)
Drawndown of term loan	(2)	-
Net cash used in / (generated from) financing activities	(2)	3,551
Net (decrease) / increase in cash and cash equivalents	(1,644)	2,421
Foreign exchange fluctuation reserve	(1)	(1)
Cash and cash equivalents at beginning of the financial period/year	3,992	1,572
Cash and cash equivalents at end of the financial period/year	2,347	3,992
Cash and cash equivalents at the end of the financial period/year comprises the following :-		
Fixed deposits with licensed banks (pledged)	3	3
Cash and bank balances	2,344	3,989
Bank overdraft	-	-
	2,347	3,992

Note:-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2014 and the accompanying explanatory notes attached to the interim financial statements.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2014.

A2. Changes in accounting policies

The significant accounting policies, method of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 30 September 2014 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS") and amendment to MFRS that had been issued but not yet effective.

MFRS 9	Financial Instruments
Amendment to MFRS 132	Financial Instruments : Offsetting Financial Assets and Financial Liabilities

The adoptions of new and revised MFRSs, and amendment to MFRS are not expected to have significant financial impact to the Group.

A3. Auditors' report on preceding annual financial statements

The preceding year's annual financial statements were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

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Quarterly Report For The First Quarter Ended 31 December 2014

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A7. Debts and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter under review.

A8. Dividend

There were no dividends declared or paid during the current financial quarter under review.

A9. Segmental information

(a) Analysis of revenue by geographical area

	Current Quarter Ended 31/12/2014 RM'000	Preceding Corresponding Quarter Ended 31/12/2013 RM'000	Current Year To Date Ended 31/12/2014 RM'000	Preceding Corresponding Year To Date Ended 31/12/2013 RM'000
Singapore	27	2,121	27	2,121
Malaysia	188	696	188	696
Hong Kong	-	-	-	-
Indonesia	982		982	
Thailand	-	-	-	-
Others	742	85	742	85
	1,939	2,902	1,939	2,902
Less: Inter-company transactions	(51)	(107)	(51)	(107)
Total revenue	1,888	2,795	1,888	2,795

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Quarterly Report For The First Quarter Ended 31 December 2014

A9. Segmental information (Cont'd)

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/12/2014 RM'000	Preceding Corresponding Quarter Ended 31/12/2013 RM'000	Current Year To Date Ended 31/12/2014 RM'000	Preceding Corresponding Year To Date Ended 31/12/2013 RM'000
Proprietary software	779	270	779	270
Value added products & services	632	1,593	632	1,593
AIDC hardware / equipment	528	1,039	528	1,039
	1,939	2,902	1,939	2,902
Less: Inter-company transactions	(51)	(107)	(51)	(107)
Total revenue	1,888	2,795	1,888	2,795

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current financial quarter under review.

A12. Changes in composition of the Group

There were no changes in composition of the Group in the current financial quarter under review.

A13. Contingent assets or liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

A15. Significant related party transactions

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

A16. Cash and cash equivalents

	As at 31/12/2014 RM'000	As at 30/09/2014 RM'000
Cash and bank balances	2,344	4,021
Fixed deposits with licensed banks	3	3
	2,347	4,024

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Quarterly Report For The First Quarter Ended 31 December 2014

ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance

Current Year 1st Quarter versus Previous Year 1st Quarter

For the quarter under review, the Group generated revenue of RM1.89 million and profit before tax expenses ("PBT") of RM0.14 million respectively, compared with revenue of RM2.80 million and Loss before tax ("LBT") of RM0.53 million in the corresponding quarter of the preceding financial year ended 31 December 2013. The decrease in revenue for the quarter under review was mainly due to lower sales secured in Singapore and lower value added product and AIDC Hardware/Equipment sold in comparison with corresponding quarter of the preceding financial year ended 31 December 2013. The management put into extra effort for cost rationalization and focusing on value added products and services rendered continuing to bear fruits. It could be cited that the Group turned into profit during current quarter. Besides, the Group registered higher gross profit margin for the current financial quarter under review as compared with the preceding financial quarter. (Current at 55% vs preceding at 18%)

B2. Comparison with preceding quarter's results

	Current Quarter 31/12/2014 RM'000	Preceding Quarter 30/09/2014 RM'000	Variance RM'000
Revenue	1,888	1,241	647
Profit / (Loss) before tax	138	(2,662)	2,800

The Group's revenue and PBT for the quarter under review were RM1.89 million and RM0.14 million respectively as compared with the preceding quarter's revenue and LBT of 1.24 million and RM2.66 million respectively. The higher revenue was due to higher sales secured in current quarter as compared with the preceding quarter especially more contribution from proprietary software and AIDC products sold. The turnaround of the results during the current quarter under review are mainly attributed to higher revenue and margin of products sold.

B3. Prospects

DGB plans to further expand our sales and marketing presence in Malaysia and Singapore market. Furthermore, DGB have a plan to extend its footsteps into Thailand and Vietnam market. DGB have also undertaken certain cost reduction measures to improve our overall overheads. Going forward, DGB continue to remain positive on the prospects of the Group.

B4. Tax expenses

There was no provision of tax liability for the quarter under review.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

B5. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

B6. Status of corporate proposals announced and not completed

On 10 September 2014, the Company announced that it had proposed to undertake a renounceable right issue of up to 355,160,000 new ordinary shares of RM0.10 each in DGB ("DGB Share(s)" or "Share(s)") ("Rights Shares") on the basis of two (2) DGB Shares for every one (1) existing DGB Share held, together with up to 266,370,000 free detachable warrants ("**Warrants**") on the basis of three (3) Warrants for every four (4) Rights Shares subscribed at an entitlement date to be determined later ("**Proposed Rights Issue of Shares with Warrants**"). The Company also proposed increase in the authorised share capital of DGB from RM25,000,000 comprising 250,000,000 DGB Shares to RM100,000,000 comprising 1,000,000,000 DGB Shares and in consequence thereof, Clause 6 of the Memorandum of Association of the Company be amended accordingly ("**Proposed Increase in Authorised Share Capital**").

On behalf of DGB, TA Securities had on 27 January 2015 ("Letter of Approval") announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had via its letter dated 26 January 2015 approved the admission to the official list of Bursa Securities, the listing and quotation of up to 266,370,000Warrants to be issued the official list of the ACE Market of Bursa Securities, listing of up to 355,160,000 Rights Shares to be issued pursuant to the Proposed Rights Issues of Shares with Warrants and listing of up to 266,370,000 new DGB Shares to be issued pursuant to the exercise of the Warrants subject to the terms and condition as stipulated in the Letter of Approval.

An Extraordinary General Meeting will be held on 3 March 2015 to seek for shareholders' approval on the Proposed Rights Issue of Shares with Warrants and Proposed Increase in Authorised Share Capital. A Circular to Shareholders together with the Notice of Extraordinary General Meeting has been issued by the Company on 9 February 2015.

B7. Status of corporate proposals announced and completed

Shares issuance scheme

On 2 October 2013, the Company announced that it had proposed to establish and implement a share issuance scheme ("SIS") of up to thirty percent (30%) of the Company's issued share and paid up share capital (excluding treasury shares, if any) at any one time, for the Directors and employees of the Group (excluding dormant subsidiaries) who fulfill the eligible criteria.

On 24 February 2014, the Company had made offer of options for 34,320,000 new shares at an exercise price of RM0.105 to eligible persons to subscribe for new ordinary shares of RM0.10 in the Company under the SIS. ("new shares) The vesting period for the SIS is within one year from 20 February 2014 to 19 February 2014.

Subsequently, the vesting period of the options has been amended to state that there is no vesting period applicable via an announcement dated 28 February 2014.

On 18 Mar 2014, the Company announced that an additional listing of 17,950,000 new shares have been issued under the SIS.

On 3 June 2014, the Company announced that the remaining option of 16,370,000 new shares have been issued under the SIS.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

The utilization of the gross proceeds of RM3,603,600 from the SIS as at 31 December 2014 is as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Working Capital	3,504	2,759	745	Within twelve (12) months
Corporate Proposal Expenses	100	100	-	Within one (1) month
	3,604	2,859	745	

Private placement

On 11 February 2014, the Company announced that it had proposed to implement a private placement up to 14,872,000 new ordinary shares of RM0.10 each in DSC ("DSC Shares" or "Shares") ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company, to third party investors ("Private Placement") to be identified for the Group's working capital and maintenance and upgrading of software and facilities.

On 26 February 2014, the Company announced that an approval for the listing and quotation of the placement shares has been obtained from Bursa Securities vide its letter dated 26 February 2014.

On 2 July 2014, the Board fixed the issue price at RM0.10 per Placement Share.

The private placement exercise had been successfully completed upon the listing of and quotation of 14,280,000 placement shares on Bursa Malaysia Securities Berhad on 10 July 2014.

The utilization of the gross proceeds of RM1,428,000 from the Private Placement as at 31 December 2014 is as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Maintenance and upgrading of software & facilities	352	350	2	Within twelve (12) months
Working Capital	966	650	316	Within twelve (12) months
Corporate Proposal Expenses	110	110	-	Within two (2) weeks
	1,428	1,110	318	

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

B8. Borrowings and debt securities

There were no borrowings as at the end of the current quarter under review.

B9. Material litigation

The Group has not been involved in any material litigation since the last statement of financial position dated as at 31 December 2014.

B10. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review and the financial year-to-date.

B11. Earnings per share

1) Basic earnings per ordinary shares

Basic earnings per share amounts were calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		**Cumulative Quarter**	
	Current Quarter Ended 31/12/2014	**Preceding Corresponding Quarter Ended 31/12/2013**	**Current Year To Date Ended 31/12/2014**	**Preceding Corresponding Year To Date Ended 31/12/2013**
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	138	(528)	138	(528)
Weighted average number of ordinary shares in issue ('000)	163,000	114,400	163,000	114,400
Basic profit / (loss) per share (sen)	0.09	(0.47)	0.09	(0.47)

2) Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss of attributable to equity holders of the Company by the weighted average number of ordinary shares in issues and issuable during the financial period ended 31 December 2014. There is no diluted effect for current financial quarter as all SIS and private placement issuance had duly completed.

DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The First Quarter Ended 31 December 2014

B12. Disclosure of Realised and Unrealised Profits / (Losses)

	As at 31/12/2014	As at 30/9/2014
	RM'000	RM'000
Realised	(8,708)	(8,232)
Unrealised	-	4
	(8,708)	(8,228)
Less: Consolidation adjustment	(199)	(817)
Accumulated losses	(8,907)	(9,045)

B13. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 February 2015.

DGB Asia Berhad
25 February 2015

DIRECTORS' REPORT

DGB Asia Bhd.(721605-K)
B-2-1 IOI Boulevard, Jalan Kenari 5,Bandar Puchong Jaya,47170 Puchong, Selangor Darul Ehsan.
Tel: +603-8079 0133 Fax: +603-8079 0155 Email:admin@dsc.com.my Website:www.dsc.com.my

Registered Office:

Third Floor, No. 79 (Room A)
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

25 MAR 2015

To: Shareholders of DGB Asia Berhad *(formerly known as DSC Solutions Berhad)* ("**DGB**" or "**Company**")

Dear Sir/Madam,

On behalf of the Board of Directors of DGB ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 30 September 2014 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
DGB ASIA BERHAD *(FORMERLY KNOWN AS DSC SOLUTIONS BERHAD)*

Dato' Dr Pang Chow Huat
Managing Director

1. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

1.3 Save for the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD:

(i) Under the SIS which was implemented on 11 February 2014, up to thirty percent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares, if any) can be issued at any one (1) time during the duration of five (5) years of the SIS (or such extended duration pursuant to the bylaws governing the SIS). The subscription price of each new DGB Shares shall be fixed at the higher of the par value of DGB Shares of RM0.10 each or the 5D-VWAP of DGB Shares immediately preceding the date of offer of the SIS Option with a discount of not more than ten percent (10%) or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time. As at the LPD, 34,320,000 SIS Options has been issued and exercised into new DGB Shares pursuant to the SIS implemented on 11 February 2014.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

Article 113

The fees of directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled to rank in such division for a proportion of the fees related to the period during which the Director has held office provided always that:

(a) Fee payable to non-executive Directors shall be by way of a fixed sum, and not by a commission on or a percentage of profit or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.

(b) The Directors shall be entitled to re-imbursement for reasonable expenses as provided under Article 114(1).

(c) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(d) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 144

A managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (which shall not include a commission on or a percentage of profit or turnover) as the Directors may determine. It may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

Article 111(3)

An alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director appointing him.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary companies have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this AP:

(i) the Deed Poll dated 19 March 2015 executed by our Company constituting the Warrants.

4. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary companies or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary companies.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.

5.2 Save as disclosed in this AP and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Banker, Share Registrar, Solicitors for the Rights Issue of Shares with Warrants, Smith Zander International Sdn Bhd and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants for the Rights Issue of Shares with Warrants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 30 September 2014 and the audited consolidated financial statements of our Group for the FYE 2014 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. CONFLICT OF INTEREST

7.1 Adviser

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Rights Issue of Shares with Warrants.

7.2 Solicitors

Messrs. Iza Ng Yeoh & Kit is not aware of any conflict of interest which exists or is likely to exist in our capacity as the Solicitors for the Rights Issue of Shares with Warrants.

For information only, TA Securities is a wholly-owned subsidiary of TA Enterprise Berhad. Jory Leong Kam Weng, an Independent Non-Executive Director of TA Enterprise Berhad is a partner in Messrs. Iza Ng Yeoh & Kit, the due diligence Solicitors of the Rights Issue of Shares with Warrants. The objective of the due diligence is to establish that there are no reasonable grounds to believe that the statements made in this AP are misleading and there is no material omission. Notwithstanding the aforesaid, TA Securities is of the opinion that there is no conflict of interest arising from Jory Leong Kam Weng's position as an Independent Non-Executive Director of TA Enterprise Berhad as his directorship is of a non-executive capacity and as such does not deal with the day-to-day management and operations of TA Enterprise Berhad. He is also not part of the team of Solicitors in Messrs. Iza Ng Yeoh & Kit involved in the Rights Issue of Shares with Warrants as another partner in Messrs. Iza Ng Yeoh & Kit has been directly involved in the Rights Issue of Shares with Warrants.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of twelve (12) months from the date of this AP:

(i) our Memorandum of Association of our Company;

(ii) our audited financial statements for the past two (2) FYEs 2013 and 2014 and our latest unaudited financial statements for the three (3)-month period ended 31 December 2014;

(iii) the pro forma consolidated statements of financial position as at 30 September 2014 and the Reporting Accountants' letter thereon as set out in Appendix III of this AP;

(iv) the Undertaking referred to in Section 2.4 of this AP;

(v) Directors' Report referred to Appendix VI of this AP;

(vi) the Deed Poll;

(vii) Independent Market Research Report on the ICT Industry in Thailand, Vietnam and Singapore, and the RFID Industry in Thailand, Vietnam and Singapore dated March 2015; and

(viii) the letters of consent and conflict of interest referred to in Sections 6 and 7 of this Appendix VII.

9. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.

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