



**DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Second Quarter Ended 31 March 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 ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2013.

**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 2013 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS"), IC Interpretations ("IC Int") and amendment to MFRS.

MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements (Revised)
Amendments to MFRS 1	First-Time adoption of Financial Reporting Standards (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 101	Presentation of Financial Statements (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 132	Financial Instruments : Presentation (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvement 2009-2011 Cycle)

The adoptions of new and revised MFRSs, ("IC Int") 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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**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

	<b>Current Quarter Ended 31/03/2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31/03/2013 RM'000</b>	<b>Current Year To Date Ended 31/03/2014 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 31/03/2013 RM'000</b>
Singapore	816	1,355	2,937	3,376
Malaysia	477	881	1,173	1,605
Hong Kong		-	-	597
Thailand		454	-	936
Others	23	160	108	357
	<hr/> 1,316	<hr/> 2,850	<hr/> 4,218	<hr/> 6,871
Less: Inter-company transactions	(147)	(468)	(254)	(895)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	<hr/> 1,169	<hr/> 2,382	<hr/> 3,964	<hr/> 5,976



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**A9. Segmental information (Cont'd)**

(b) Analysis of revenue by product categories

	<b>Current Quarter Ended 31/03/2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31/03/2013 RM'000</b>	<b>Current Year To Date Ended 31/03/2014 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 31/03/2013 RM'000</b>
Proprietary software	94	435	364	963
Value added products & services	851	1,527	2,444	3,461
AIDC hardware / equipment	371	888	1,410	2,447
	1,316	2,850	4,218	6,871
Less: Inter-company transactions	(147)	(468)	(254)	(895)
	1,169	2,382	3,964	5,976

**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.



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**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**

	<b>As at</b>	<b>As at</b>
	<b>31/03/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	2,085	1,135
Fixed deposits with licensed banks	416	636
	<hr/> 2,501	<hr/> 1,770
Bank overdraft (see notes B7)	(185)	(198)
	<hr/> 2,316	<hr/> 1,573

**A17. Inventories**

There were no inventories write offs during the quarter under review.



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**ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**

**B1. Review of performance**

Current Year 2nd Quarter versus Previous Year 2nd Quarter

For the quarter under review, the Group generated revenue of RM1.17 million and loss before tax (“LBT”) of RM1.23 million respectively, compared with revenue of RM2.38 million and LBT of RM1.42 million in the corresponding quarter of the preceding year ended 31 March 2013. The significant decrease in revenue for the quarter under review as compared with the same quarter of the preceding year was mainly due to lower sales secured in Singapore and Malaysia. As a result of lower sales in the quarter under review, the Group incurred higher loss. The lower gross profit for the quarter under review as compared with the preceding quarter of 5% versus 22% was due to lower sales in value added products and services.

**B2. Comparison with preceding quarter’s results**

	<b>Current Quarter 31/03/2014 RM'000</b>	<b>Preceding Quarter 31/12/2013 RM'000</b>	<b>Variance RM'000</b>
Revenue	1,169	2,795	(1,626)
Loss before tax	(1,231)	(528)	703

The Group’s revenue and LBT for the quarter under review were RM1.17 million and RM1.23 million respectively as compared with the preceding quarter’s revenue and LBT of RM2.80 million and RM0.53 million respectively. The lower revenue was due to lower sales secured in Singapore in the current quarter as compared with the preceding quarter. This resulted into higher loss during the financial quarter under review.

**B3. Prospects**

Our overall sales in our existing markets (both Malaysia and Singapore) grow steadily in the quarter under review as compared to the preceding quarter and the same quarter of the preceding year. In addition, we plan to expand our sales and marketing presence in other countries in Indonesia and Myanmar. We have also undertaken certain cost reduction measures and improve our overall overheads. Going forward, we 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.

**B5. Profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.



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**B6. Status of corporate proposals announced and completed**

Shares issuance scheme

On 2 October 2013, the Company announced that it 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 DGB Asia Berhad (formerly known as DSC Solutions Berhad) (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. The vesting period for the SIS is within one year from 20 February 2014 to 19 February 2015

Subsequently, the Company announced on 28 February 2014 that the vesting period of the options has been amended and that there is no vesting period for exercising the SIS.

On 18 Mar 2014, the Company announced that an additional listing of 17,950,000 shares have been issued under the SIS.

The utilization of the gross proceeds of RM1,884,750 from the SIS as at 31 March 2014 is as follows:-

<b>Purpose</b>	<b>Proposed Amount RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Timeframe for Utilisation</b>
Working Capital	1,785	-	1,785	Within twelve (12) months
Corporate Proposal Expenses	100	71	29	Within one (1) month
	<u>1,885</u>	<u>71</u>	<u>1,814</u>	

As of the date of the announcement, the remaining options of approximately 16,370,000 new shares have not been exercised.

Private placement

On 11 February 2014, the Company announced that it proposed to implement a private placement up to 14,872,000 new ordinary shares of RM0.10 each in the Company (“DGB 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 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 on the listing and quotation of the private placement has been obtained from Bursa Securities vide its letter dated 26 February 2014 subjects to the following conditions:

- 1) the Company and TA Securities (“Adviser”) must fully comply with the relevant provisions under the ACE market listing requirement (“ACE LR”) pertaining to the implementation of the Proposed private placement;



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- 2) the Company must inform Bursa Securities upon completion of the Proposed Private placement;
- 3) the Company must furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities once the Proposed Private placement is completed;
- 4) the Company to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Section 132D of the Companies Act, 1965 in the event the current authority has expired; and
- 5) the Adviser to furnish Bursa Securities with the following:-
  - (a) details of the places as per Rule 6.16 of the ACE LR, prior to the Issuance/Allotment of shares to places;
  - (b) confirmation that the places do not fall within any of the category of persons specified in Rule 6.05(c) of the ACE LR; and
  - (c) confirmation from the Company that it will ensure that any disposal of the Placement Shares by the places will be done in an orderly manner.

As of the date of the announcement, the private placement has not been completed.

**B7. Borrowings and debt securities**

The total borrowings of the Group as at 31 March 2014 are as follows:

	<b>RM'000 Equivalent</b>
Short term:	
Term loan	315
Letter of Credit	575
Bank overdraft	185
	<hr/> <hr/> <u>1,075</u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of the Company. All of the Group's borrowing is denominated in Singapore Dollars.

**B8. Material litigation**

The Group has not been involved in any material litigation since the last statement of financial position as at 30 September 2013.

**B9. Dividends**

The Board of Directors does not recommend any dividends for the current financial quarter under review and the financial year-to-date.



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**B10. 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 31/03/2014	Preceding Corresponding Quarter Ended 31/03/2013	Current Year To Date Ended 31/03/2014	Preceding Corresponding Year To Date Ended 31/03/2013
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,239)	(1,383)	(1,777)	(1,359)
Weighted average number of ordinary shares in issue ('000)	124,039	114,400	124,039	114,400
Basic loss per share (sen)	(1.00)	(1.21)	(1.43)	(1.19)

2) Diluted Earnings per ordinary shares

For the purpose of calculating diluted earnings per ordinary shares, the net loss for the period attributable to ordinary equity holders of the Company and weighted average number of ordinary shares in issue during the period has been adjusted for the dilutive effects of all potential ordinary shares from the exercise of share options under the SIS.

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/03/2014	Preceding Corresponding Quarter Ended 31/03/2013	Current Year To Date Ended 31/03/2014	Preceding Corresponding Year To Date Ended 31/03/2013
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,239)	(1,383)	(1,777)	(1,359)
Weighted average number of ordinary shares in issue ('000)	124,039	114,400	124,039	114,400
Effect of dilution on ESOS ('000)	8,790	-	8,790	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	132,829	114,400	132,829	114,400
Diluted basic loss per share (sen)	(0.93)	(1.21)	(1.34)	(1.19)





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\*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 March 2014. The effect on basic earnings per share for the current period arising from the assumed conversion of SIS is anti-dilutive. Accordingly, the diluted loss per share for the current period is presented equal to basic loss per share.

**B11. Disclosure of Realised and Unrealised Profits / (Losses)**

	<b>As at 31/03/2014</b>	<b>As at 30/9/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised	(5,266)	(3,477)
Unrealised	126	108
	<u>(5,140)</u>	<u>(3,369)</u>
Less: Consolidation adjustment	(570)	(564)
	<u>(5,710)</u>	<u>(3,933)</u>

**B12. 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 26 May 2014.

**DGB Asia Berhad**  
26 May 2014