



**DGB ASIA BERHAD (formerly known as DSC SOLUTIONS BERHAD) (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Fourth Quarter Ended 30 September 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 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 30/09/2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/09/2013 RM'000</b>	<b>Current Year To Date Ended 30/09/2014 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/09/2013 RM'000</b>
Singapore	356	1,670	3,853	6,745
Malaysia	1,158	1,391	5,190	3,815
Hong Kong	-	-	-	597
Thailand	-	470	-	1,740
Others	(61)	62	48	599
	1,453	3,593	9,091	13,496
Less: Inter-company transactions	(212)	(452)	(310)	(1,935)
	1,241	3,141	8,781	11,561



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

(b) Analysis of revenue by product categories

	<b>Current Quarter Ended 30/09/2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/09/2013 RM'000</b>	<b>Current Year To Date Ended 30/09/2014 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/09/2013 RM'000</b>
Proprietary software	30	402	465	1,745
Value added products & services	1,268	2,033	6,694	7,190
AIDC hardware / equipment	156	1,158	1,932	4,561
	1,454	3,593	9,091	13,496
Less: Inter-company transactions	(213)	(452)	(310)	(1,935)
	1,241	3,141	8,781	11,561

**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 Fourth Quarter Ended 30 September 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**

	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/09/2013 RM'000</b>
Cash and bank balances	4,021	1,135
Fixed deposits with licensed banks	3	636
	<hr/> 4,024	<hr/> 1,770
Bank overdraft (see notes B7)	-	(198)
	<hr/> <hr/> 4,024	<hr/> <hr/> 1,573



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Fourth Quarter Ended 30 September 2014**

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

**B1. Review of performance**

Current Year 4th Quarter versus Previous Year 4th Quarter

For the quarter under review, the Group generated revenue of RM1.24 million and loss before tax expenses (“LBT”) of RM2.66 million respectively, compared with revenue of RM3.14 million and LBT of RM0.42 million in the corresponding quarter of the preceding financial year ended 30 September 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 30 September 2013. The Group incurred higher loss due to the amortization and impairment of intangible assets in current financial quarter. However, 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 higher gross profit margin for the current financial quarter under review as compared with the preceding financial quarter. (Current at 44% vs preceding at 20%)

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

	<b>Current Quarter 30/09/2014 RM'000</b>	<b>Preceding Quarter 30/06/2014 RM'000</b>	<b>Variance RM'000</b>
Revenue	1,241	3,576	(2,335)
Loss before tax	(2,662)	(430)	(2,232)

The Group’s revenue and LBT for the quarter under review were RM1.24 million and RM2.66 million respectively as compared with the preceding quarter’s revenue and LBT of 3.58 million and RM0.43 million respectively. The lower revenue was due to lower sales secured in current quarter as compared with the preceding quarter especially lesser contribution from value added products and engineering services rendered. The wider spread of loss during the current quarter under review are mainly attributed to impairment on intangible assets and amortization of development cost and goodwill.

**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.



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**Quarterly Report For The Fourth Quarter Ended 30 September 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 Shares” or “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 (“**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 announced that an application has been submitted to Bursa Securities on 11 September 2014 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 Rights Shares, Warrants and the new DGB Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

**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.



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Fourth Quarter Ended 30 September 2014**

The utilization of the gross proceeds of RM3,603,600 from the SIS as at 30 September 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	3,504	1,998	1,506	Within twelve (12) months
Corporate Proposal Expenses	100	100	-	Within one (1) month
	<u>3,604</u>	<u>2,098</u>	<u>1,506</u>	

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 30 September 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>
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
	<u>1,428</u>	<u>1,110</u>	<u>318</u>	



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Fourth Quarter Ended 30 September 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 30 September 2013.

**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	Preceding Corresponding Quarter Ended	Current Year To Date Ended	Preceding Corresponding Year To Date Ended
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Net loss attributable to ordinary equity holders of the Company (RM'000)	(2,621)	(387)	(4,798)	(2,467)
Weighted average number of ordinary shares in issue ('000)	133,237	114,400	133,237	114,400
Basic loss per share (sen)	(1.97)	(0.34)	(3.60)	(2.16)

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 30 September 2014. There is no diluted effect for current financial quarter as all SIS and private placement issuance had duly completed.





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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Fourth Quarter Ended 30 September 2014**

**B12. Disclosure of Realised and Unrealised Profits / (Losses)**

	<b>As at 30/09/2014</b>	<b>As at 30/9/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised	(7,596)	(3,477)
Unrealised	4	108
	<u>(7,592)</u>	<u>(3,369)</u>
Less: Consolidation adjustment	<u>(1,139)</u>	<u>(564)</u>
Accumulated losses	<u><u>(8,731)</u></u>	<u><u>(3,933)</u></u>

**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 24 November 2014.

**DGB Asia Berhad**  
24 November 2014