



**DGB ASIA BERHAD (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**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 DGB Asia Berhad ("Group") for the financial year ended 30 September 2015.

**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 2015 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
MFRS 10	Consolidated Financial Statements : Investment Entities; Sale or contribution of Assets between an Investor and its Associate or Joint Venture
MFRS 11	Joint Arrangements (Accounting for Acquisitions of interests in Joint Operations)
MFRS 12	Disclosure of Interest in Other Entities : Investment Entities (Applying the Consolidation Exception)
MFRS 14	Regulatory Deferral Accounts
MFRS 15	Revenue from Contracts with Customers
MFRS 101	Presentation of Financial Statements : Disclosure Initiative
MFRS 116	Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation)
MFRS 127	Consolidated and Separate Financial Statements, Equity Method in Separate Financial Statement
MFRS 128	Investment in Associates and Joint Ventures : Investment Entities
MFRS 138	Intangible Assets (Clarification of Acceptable Methods of Amortisation)
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 141	Agriculture : Bearer Plants
New MFRS 14	Regulatory Deferral Accounts
MFRSs 2012-2014 Cycle	Annual Improvements

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.



**DGB ASIA BERHAD (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**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.

**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 31/03/2016 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31/03/2015 RM'000</b>	<b>Current Year To Date Ended 31/03/2016 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 31/03/2015 RM'000</b>
Singapore	288	54	392	81
Malaysia	119	431	440	619
Hong Kong	-	2,800	-	2,800
Indonesia	-	36	2,200	1,018
Others	-	(76)	-	666
	407	3,245	3,032	5,184
Less: Inter-company transactions	(18)	(7)	(206)	(58)
Total revenue	389	3,238	2,826	5,126



DGB ASIA BERHAD (721605-K)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

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

(b) Analysis of revenue by product categories

	<b>Current Quarter Ended 31/03/2016 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31/03/2015 RM'000</b>	<b>Current Year To Date Ended 31/03/2016 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 31/03/2015 RM'000</b>
Proprietary software	56	28	85	807
Value added products & services	125	3,164	2,592	3,796
AIDC hardware / equipment	226	53	355	581
	407	3,245	3,032	5,184
Less: Inter-company transactions	(18)	(7)	(206)	(58)
Total revenue	389	3,238	2,826	5,126

**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 (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**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>31/03/2016</b>	<b>30/09/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	16,784	11,810
Fixed deposits with licensed banks	5,298	15,189
	<u>22,082</u>	<u>26,999</u>



**DGB ASIA BERHAD (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES 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 RM0.39 million and Loss before Tax expenses (“LBT”) of RM0.56 million respectively, compared with revenue of RM3.24 million and Loss before Tax expenses (“LBT”) of RM0.43 million in the corresponding quarter of the preceding year ended 31 March 2015. The decrease in revenue for the quarter under review was mainly due to lower sales of value added products and services secured in Hong Kong in comparison with corresponding quarter of the preceding year ended 31 March 2015.

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

	<b>Current Quarter 31/03/2016 RM'000</b>	<b>Preceding Quarter 31/12/2015 RM'000</b>	<b>Variance RM'000</b>
Revenue	389	2,437	(2,048)
Profit/(Loss) before tax	(560)	1,017	(1,577)

The Group’s revenue and LBT for the quarter under review were RM0.39 million and RM0.56 million respectively as compared with the preceding quarter’s revenue and PBT of RM2.44 million and RM1.02 million respectively. The lower revenue was due to lower sales secured in current quarter as compared with the preceding quarter especially significant decreased contribution from value added products and services in Indonesia. The LBT incurred mainly due to lower sales margin for the current quarter.

**B3. Prospects**

The prospects ahead for the Group will be challenging due to the increased competition and weaker demand brought about by the depreciation of the Malaysian Ringgit and the implementation of the Goods and Services Tax (GST). Notwithstanding these challenges the Group will continue to focus on undertaking cost reduction to improve overall overheads and improve performances.

**B4. Tax expenses**

There was no provision of tax liability for the quarter under review.



DGB ASIA BERHAD (721605-K)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**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**

There were no corporate proposal announced but not completed as at the date of this report.

**B7. Status of utilisation of proceeds raised from previous corporate proposals**

(i.) Right Issue of shares

The utilisation of the proceeds of RM35,860,000 from the Rights Issues of 326,000,000 new ordinary shares of RM0.11 each as of the date of this report is as follows:-

	<b>Proposed</b>	<b>Amount</b>	<b>Amount</b>	<b>Timeframe for</b>
	<b>Amount</b>	<b>Utilised</b>	<b>Unutilised</b>	<b>Utilisation</b>
<b>Purpose</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>(from the date of listing)</b>
Working capital	29,910	13,332	16,578	Within 18 months
Capital expenditure	5,500	-	5,500	Within 18 months
Estimated expenses in relation to the corporate exercises	450	450	-	Within 2 weeks
<b>Total estimated proceeds</b>	<b>35,860</b>	<b>13,782</b>	<b>22,078</b>	

**B8. Borrowings and debt securities**

There were no borrowings as at the end of the current quarter under review.

**B9. Material litigation**

There was no material litigation as at the date of this report.

**B10. Dividends**

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



**DGB ASIA BERHAD (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

**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 31/03/2016	Preceding Corresponding Quarter Ended 31/03/2015	Current Year To Date Ended 31/03/2016	Preceding Corresponding Year To Date Ended 31/03/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(560)	(427)	457	(288)
Weighted average number of ordinary shares in issue ('000)	489,000	163,000	489,000	163,000
Basic earnings / (losses) per share (sen)	(0.11)	(0.26)	0.09	(0.18)

2) Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants during the financial period ended 30 September 2015.

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/03/2016	Preceding Corresponding Quarter Ended 31/03/2015	Current Year To Date Ended 31/03/2016	Preceding Corresponding Year To Date Ended 31/03/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(560)	(427)	457	(288)
Weighted average number of ordinary shares in issue ('000)	489,000	163,000	489,000	163,000
Effect of dilution after conversion of all outstanding Warrants ('000)	244,500	-	244,500	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	733,500	163,000	733,500	163,000
Diluted basic earnings / (loss) per share (sen)	(0.08)	(0.26)	0.06	(0.18)



**DGB ASIA BERHAD (721605-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**Quarterly Report For The Second Quarter Ended 31 March 2016**

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

	<b>As at 31/03/2016</b>	<b>As at 30/9/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised	(25,274)	(41,395)
Unrealised	(5)	(100)
	<u>(25,279)</u>	<u>(41,495)</u>
Add: Consolidation adjustment	<u>1,540</u>	<u>17,299</u>
Accumulated losses	<u><u>(23,739)</u></u>	<u><u>(24,196)</u></u>

**B13. Comprehensive Income Disclosure**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter Ended 31/03/2016</b>	<b>Preceding Corresponding Quarter Ended 31/03/2015</b>	<b>Current Year To Date Ended 31/03/2016</b>	<b>Preceding Corresponding Year To Date Ended 31/03/2015</b>
Interest Income	(1)	(1)	(111)	(4)
Depreciation and amortisation	80	37	166	242
Forex Loss /(gain)	13	65	15	(29)
Impairment of goodwill	-	6	-	461

**B14. 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 2016.

**DGB Asia Berhad**  
26 May 2016