



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Third Quarter Ended 30 June 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.



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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

	Current Quarter Ended 30/06/2016 RM'000	Preceding Corresponding Quarter Ended 30/06/2015 RM'000	Current Year To Date Ended 30/06/2016 RM'000	Preceding Corresponding Year To Date Ended 30/06/2015 RM'000
Singapore	53	46	445	127
Malaysia	53	536	493	1,155
Hong Kong	-	-	-	2,800
Indonesia	250	17	2,450	1,035
Others	-	(2)	-	664
	<hr/> 356	<hr/> 597	<hr/> 3,388	<hr/> 5,781
Less: Inter-company transactions	(13)	(60)	(219)	(118)
	<hr/> <hr/> 343	<hr/> <hr/> 537	<hr/> <hr/> 3,169	<hr/> <hr/> 5,663



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A9. Segmental information (Cont'd)

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/06/2016 RM'000	Preceding Corresponding Quarter Ended 30/06/2015 RM'000	Current Year To Date Ended 30/06/2016 RM'000	Preceding Corresponding Year To Date Ended 30/06/2015 RM'000
Proprietary software	5	28	90	835
Value added products & services	310	534	2,902	4,330
AIDC hardware / equipment	41	35	396	616
	356	597	3,388	5,781
Less: Inter-company transactions	(13)	(60)	(219)	(118)
Total revenue	343	537	3,169	5,663

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

	As at 30/06/2016 RM'000	As at 30/09/2015 RM'000
Cash and bank balances	18,583	11,810
Fixed deposits with licensed banks	-	15,189
	<hr/> <hr/> 18,583	<hr/> <hr/> 26,999



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

B1. Review of performance

Current Year 3rd Quarter versus Previous Year 3rd Quarter

For the quarter under review, the Group generated revenue of RM0.34 million and Loss before Tax expenses (“LBT”) of RM0.53 million respectively, compared with revenue of RM0.54 million and Loss before Tax expenses (“LBT”) of RM0.80 million in the corresponding quarter of the preceding year ended 30 June 2015. The decrease in revenue for the quarter under review was mainly due to lower sales of value added products and services secured in Malaysia in comparison with corresponding quarter of the preceding year ended 30 June 2015.

B2. Comparison with preceding quarter’s results

	Current Quarter 30/06/2016 RM'000	Preceding Quarter 31/03/2016 RM'000	Variance RM'000
Revenue	343	389	(46)
Profit/(Loss) before tax	(528)	(560)	32

The Group’s revenue and LBT for the quarter under review were RM0.34 million and RM0.53 million respectively as compared with the preceding quarter’s revenue and PBT of RM0.39 million and RM0.56 million respectively. The lower revenue was due to lower sales secured in current quarter as compared with the preceding quarter especially decreased contribution from value added products and services in Malaysia. 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.

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 not completed

There were no corporate proposal announced but not completed as at the date of this report except for:-

On behalf of the Board of DGB, Mercury Securities wishes to announce that the High Court had on 25 August 2016, granted an order confirming the Proposed Par Value Reduction and Proposed Share Premium Reduction pursuant to Sections 60(2) and 64 of the Act (“**Court Order**”).

The sealed copy of the Court Order is in the process of being finalised and extracted. Thereafter, an office copy of the same will be lodged with the Registrar of Companies for the Proposed Par Value Reduction and Proposed Share Premium Reduction to take effect.

For further details, please refer to announcements dated 26 May 2016, 9 June 2016, 1 July 2016 and 25 Aug 2016.

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:-

	Proposed	Amount	Amount	Timeframe for
	Amount	Utilised	Unutilised	Utilisation
Purpose	RM'000	RM'000	RM'000	(from the date of listing)
Working capital	29,910	18,332	11,578	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
Total estimated proceeds	35,860	18,782	17,078	

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.



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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 30/06/2016	Preceding Corresponding Quarter Ended 30/06/2015	Current Year To Date Ended 30/06/2016	Preceding Corresponding Year To Date Ended 30/06/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(528)	(799)	(71)	(1,087)
Weighted average number of ordinary shares in issue ('000)	489,000	243,830	489,000	243,830
Basic earnings / (losses) per share (sen)	(0.11)	(0.33)	(0.01)	(0.45)

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 30/06/2016	Preceding Corresponding Quarter Ended 30/06/2015	Current Year To Date Ended 30/06/2016	Preceding Corresponding Year To Date Ended 30/06/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(528)	(799)	(71)	(1,087)
Weighted average number of ordinary shares in issue ('000)	489,000	243,830	489,000	243,830
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	243,830	733,500	243,830
Diluted basic earnings / (loss) per share (sen)	(0.07)	(0.33)	(0.01)	(0.45)



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

	As at 30/06/2016	As at 30/9/2015
	RM'000	RM'000
Realised	(25,957)	(41,395)
Unrealised	(5)	(100)
	<u>(25,962)</u>	<u>(41,495)</u>
Add: Consolidation adjustment	1,695	17,299
Accumulated losses	<u>(24,267)</u>	<u>(24,196)</u>

B13. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/06/2016	Preceding Corresponding Quarter Ended 30/06/2015	Current Year To Date Ended 30/06/2016	Preceding Corresponding Year To Date Ended 30/06/2015
Interest Income	80	(49)	(192)	(53)
Depreciation and amortisation	126	124	292	366
Forex Loss /(gain)	5	19	20	(11)
Impairment of goodwill	-	6	-	466

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 August 2016.

DGB Asia Berhad
26 August 2016