



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 December 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 2	Clarification and Measurement of Share-based Payment Transactions
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 15	Revenue from Contracts with Customers
MFRS 16	Leases
MFRS 107	Disclosure Initiative
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
MFRS 128	Investment in Associates and Joint Ventures : Investment Entities
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. Change of financial year end

The Company has change the financial year from 30 September to 31 March. The next audited financial statements shall be for a period of eighteen (18) months from 1 October 2015 to 31 March 2017 and thereafter, the financial year end shall be 31 March for each subsequent year.

A4. Auditors' report on preceding annual financial statements

The preceding year's annual financial statements were not subject to any qualification.



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A5. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A6. 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.

A7. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A8. 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.

A9. Dividend

There were no dividends declared or paid during the current financial quarter under review.

A10. Segmental information

(a) Analysis of revenue by geographical area

	Three (3) Months Ended 31/12/2016 RM'000	Three (3) Months Ended 31/12/2015 RM'000	Current Year To Date Ended 31/12/2016 RM'000	Preceding Corresponding Year To Date Ended 31/12/2015 RM'000
Singapore	-	104	493	375
Malaysia	384	321	942	1,659
Hong Kong	-	-	-	2,800
Indonesia	-	2,200	2,450	3,272
China	-	-	7,000	-
Others	-	-	-	680
	<hr/> 384	<hr/> 2,625	<hr/> 10,885	<hr/> 8,786
Less: Inter-company transactions	(2)	(188)	(211)	(293)
	<hr/> 382	<hr/> 2,437	<hr/> 10,674	<hr/> 8,493



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(b) Analysis of revenue by product categories

	Three (3) Months Ended 31/12/2016 RM'000	Three (3) Months Ended 31/12/2015 RM'000	Current Year To Date Ended 31/12/2016 RM'000	Preceding Corresponding Year To Date Ended 31/12/2015 RM'000
Proprietary software	30	29	128	886
Value added products & services	116	2,467	10,125	7,094
AIDC hardware / equipment	238	129	632	806
	384	2,625	10,885	8,786
Less: Inter-company transactions	(2)	(188)	(211)	(293)
	382	2,437	10,674	8,493

A11. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A12. 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.

A13. Changes in composition of the Group

There were no changes in composition of the Group in the current financial quarter under review.

A14. 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.

A15. 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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A16. 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.

A17. Cash and cash equivalents

	As at	As at
	31/12/2016	30/09/2015
	RM'000	RM'000
Cash and bank balances	859	11,810
Fixed deposits with licensed banks	9,013	15,189
	<hr/>	<hr/>
	9,872	26,999
	<hr/> <hr/>	<hr/> <hr/>



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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 Quarter ended 31 Dec 2016 versus Previous Year Quarter ended 31 Dec 2015

For the quarter under review, the Group generated revenue of RM0.38 million and profit before tax expenses (“PBT”) of RM0.98 million respectively, compared with revenue of RM2.43 million and PBT of RM1.01 million in the corresponding quarter of the preceding year ended 31 December 2015. The decrease in revenue for the quarter under review was mainly due to lower sales of value added products and services in comparison with corresponding quarter of the preceding year ended 31 December 2015.

B2. Comparison with preceding quarter’s results

	Three (3) Months 31/12/2016 RM'000	Three (3) Months 30/09/2016 RM'000	Variance RM'000
Revenue	382	7,123	(6,741)
Profit/(Loss) before tax (“PBT”/“LBT”)	982	7	975

The Group reported a revenue and PBT for the quarter under review of RM0.38 million and RM0.98 million respectively as compared with the preceding quarter’s revenue and PBT of RM7.12 million and RM0.07 million respectively. The decreased in revenue was due to lower sales secured in current quarter as compared with the preceding quarter especially the decreased contribution from value added products and services in China.

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 and expand its revenue portfolio to improve its overall overheads and 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 the Board of Directors of the Company wishes to announce that the Company had on 1 December 2016 accepted a letter of offer issued by CLI Investment to subscribe for 2,040,000 new ordinary shares of USD1.00 each in CLI Investment, representing not less than 17% of the eventual enlarged issued share capital of CLI Investment, for a subscription consideration of USD2.04 million (approximately RM9.06 million) (“Subscription”) For further details, please refer to announcements dated 1 December 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 1 Nov 2016)
Working capital	29,910	27,469	2,441	Within 12 months
Capital expenditure	5,500	-	5,500	Within 12 months
Estimated expenses in relation to the corporate exercises	450	450	-	Within 2 weeks
Total estimated proceeds	35,860	27,919	7,941	

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	
	Three (3) Months Ended 31/12/2016	Three (3) Months Ended 31/12/2015	Current Year To Date Ended 31/12/2016	Preceding Corresponding Year To Date Ended 31/12/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	982	1,017	916	(4,355)
Weighted average number of ordinary shares in issue ('000)	489,000	489,000	489,000	489,000
Basic earnings / (losses) per share (sen)	0.20	0.21	0.19	(0.89)

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 31 December 2015.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2016	Three (3) Months Ended 31/12/2015	Current Year To Date Ended 31/12/2016	Preceding Corresponding Year To Date Ended 31/12/2015
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	982	1,017	916	(4,355)
Weighted average number of ordinary shares in issue ('000)	489,000	489,000	489,000	489,000
Effect of dilution after conversion of all outstanding Warrants ('000)	244,500	244,500	244,500	244,500
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	733,500	733,500	733,500	733,500
Diluted basic earnings / (loss) per share (sen)	0.13	0.14	0.12	(0.59)



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

	As at 31/12/2016	As at 30/9/2015
	RM'000	RM'000
Realised	5,104	(41,395)
Unrealised	31	(100)
	<hr/> 5,135	<hr/> (41,495)
Add: Consolidation adjustment	<hr/> 4,532	<hr/> 17,299
Accumulated profits/(losses)	<hr/> <hr/> 9,667	<hr/> <hr/> (24,196)

B13. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/12/2016	Three (3) Months Ended 31/12/2015	Current Year To Date Ended 31/12/2016	Preceding Corresponding Year To Date Ended 31/12/2015
Interest Income	(7)	(110)	(211)	(353)
Depreciation and amortisation	224	86	646	1,069
Forex Loss /(gain)	137	2	77	102
Impairment of goodwill	-	-	-	1,917
Impairment loss on trade receivables	-	-	48	372
Reversal of inventories written-down	-	-	-	(55)
Inventories written-off	-	-	479	33
PPE written-off	-	-	-	13
Bad debts written-off	12	-	12	98
Loss on disposal of quoted shares	-	-	0	543
Unrealised loss on quoted shares	-	-	68	201
Gain on disposal of PPE	-	-	-	(78)