



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

Quarterly Report For The Period Ended 31 March 2017

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 - Deferred
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 31/03/2017 RM'000	Three (3) Months Ended 31/03/2016 RM'000	Current Year To Date Ended 31/03/2017 RM'000	Preceding Corresponding Year To Date Ended 31/03/2016 RM'000
Singapore	108	288	601	663
Malaysia	6,270	119	7,212	1,778
Thailand	3,850	-	3,850	-
Indonesia	-	-	2,450	3,272
China	-	-	7,000	-
Others	-	-	-	3,480
	<hr/> 10,228	<hr/> 407	<hr/> 21,113	<hr/> 9,193
Less: Inter-company transactions	(5,976)	(18)	(6,187)	(311)
	<hr/> 4,252	<hr/> 389	<hr/> 14,926	<hr/> 8,882



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(b) Analysis of revenue by product categories

	Three (3) Months Ended 31/03/2017 RM'000	Three (3) Months Ended 31/03/2016 RM'000	Current Year To Date Ended 31/03/2017 RM'000	Preceding Corresponding Year To Date Ended 31/03/2016 RM'000
Proprietary software	630	56	758	942
Value added products & services	4,015	125	14,140	7,219
AIDC hardware / equipment	5,583	226	6,215	1,032
	10,228	407	21,113	9,193
Less: Inter-company transactions	(5,976)	(18)	(6,187)	(311)
	4,252	389	14,926	8,882

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 31/03/2017 RM'000	As at 31/03/2016 RM'000
Cash and bank balances	14,784	16,862
Fixed deposits with licensed banks	-	5,298
	<hr/> 14,784 <hr/>	<hr/> 22,160 <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 Mar 2017 versus Previous Year Quarter ended 31 Mar 2016

For the quarter under review, the Group generated revenue of RM4.25 million and loss before tax expenses (“LBT”) of RM0.42 million respectively, compared with revenue of RM0.39 million and LBT of RM0.56 million in the corresponding quarter of the preceding year ended 31 March 2016. The decrease in LBT for the quarter under review was mainly due to fair value adjustment in other investment and higher operating cost in comparison with corresponding quarter of the preceding year ended 31 March 2016.

B2. Comparison with preceding quarter’s results

	Three (3) Months 31/03/2017 RM'000	Three (3) Months 31/12/2016 RM'000	Variance RM'000
Revenue	4,252	382	3,870
(Loss)/Profit before tax (“LBT”/“PBT”)	(415)	982	(1,397)

The Group reported a revenue and LBT for the quarter under review of RM4.25 million and RM0.42 million respectively as compared with the preceding quarter’s revenue and profit before tax (“PBT”) of RM0.38 million and RM0.98 million respectively. The increase in loss before tax is mainly due to the fair value adjustments and higher operating cost incurred.

B3. Prospects

The prospects ahead for the Group will be challenging due to the increased competition and weaker demand from local and overseas market and the implementation of the Goods and Services Tax (GST). Notwithstanding these challenges the Group will continue to strive for efficient cost management 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 proposes to undertake a private placement of new ordinary shares in DGB (“DGB Share(s)” or “Share(s)”) of up to ten percent (10%) of the existing total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified later and at an issue price to be determined later (“Proposed Private Placement”). For further details, please refer to announcements dated 25 April 2017 and 27 April 2017. On behalf of the Board, Mercury Securities wishes to announce that Bursa Securities had, vide its letter dated 9 May 2017, approved the listing and quotation of up to 48,900,000 new DGB Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions that shall applied. For further details, please refer to announcement dated 9 May 2017.

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
Purpose	Amount	Utilised	Unutilised	Utilisation
	RM'000	RM'000	RM'000	(from 1 Nov 2016)
Working capital	29,910	27,506	2,404	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	27,956	7,904	

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 31/03/2017	Three (3) Months Ended 31/03/2016	Current Year To Date Ended 31/03/2017	Preceding Year To Date Ended 31/03/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(1,421)	(560)	505	(4,915)
Weighted average number of ordinary shares in issue ('000)	489,000	489,000	489,000	489,000
Basic (loss) / profit per share (sen)	(0.29)	(0.11)	0.10	(1.01)

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 March 2017.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/03/2017	Three (3) Months Ended 31/03/2016	Current Year To Date Ended 31/03/2017	Preceding Year To Date Ended 31/03/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(1,421)	(560)	505	(4,915)
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 (loss) / profit per share (sen)	(0.19)	(0.08)	0.07	(0.67)



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

	As at 31/03/2017	As at 30/9/2015
	RM'000	RM'000
Realised	4,712	(41,395)
Unrealised	8	(100)
	<hr/> 4,720	<hr/> (41,495)
Add: Consolidation adjustment	4,532	17,299
	<hr/> 9,252	<hr/> (24,196)

B13. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 31/03/2017 RM'000	Three (3) Months Ended 31/03/2016 RM'000	Current Year To Date Ended 31/03/2017 RM'000	Preceding Corresponding Year To Date Ended 31/03/2016 RM'000
Interest Income	(2)	(1)	(213)	(354)
Depreciation and amortisation	226	80	872	1,149
Forex (gain)/loss	(85)	13	(8)	115
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	-	24	98
Loss on disposal of quoted shares	3,481	-	3,481	543
Unrealised (gain)/loss on quoted shares	(679)	-	(679)	201
Loss/(Gain) on disposal of PPE	2	-	2	(78)