



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 30 June 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	THREE(3) MONTHS 30-Jun-2017 RM'000	THREE(3) MONTHS 30-Jun-2016 (RESTATED) RM'000	CURRENT YEAR TO DATE ENDED 30-Jun-2017 RM'000	PRECEDING CORRESPONDING YEAR TO DATE ENDED 30-Jun-2016 (RESTATED) RM'000
Revenue	341	343	341	343
Operating expenses	(960)	(951)	(960)	(951)
Other operating income	6	80	6	80
Loss from operations	<u>(613)</u>	<u>(528)</u>	<u>(613)</u>	<u>(528)</u>
Finance expenses	-	-	-	-
Loss before tax expenses	<u>(613)</u>	<u>(528)</u>	<u>(613)</u>	<u>(528)</u>
Tax expenses	-	-	-	-
Loss after tax expenses	<u>(613)</u>	<u>(528)</u>	<u>(613)</u>	<u>(528)</u>
Other comprehensive income / (expense)				
- Foreign exchange translation from the foreign operations	98	167	98	167
Total comprehensive expense	<u>(515)</u>	<u>(361)</u>	<u>(515)</u>	<u>(361)</u>
Loss attributable to :				
Equity holders of the company	(613)	(528)	(613)	(528)
Minority shareholders	-	-	-	-
	<u>(613)</u>	<u>(528)</u>	<u>(613)</u>	<u>(528)</u>
Total comprehensive expense :				
Equity holders of the company	(515)	(366)	(515)	(366)
Minority shareholders	-	5	-	5
	<u>(515)</u>	<u>(361)</u>	<u>(515)</u>	<u>(361)</u>
Loss per share attributable to the equity holders of the Company (sen)	<u>(0.13)</u>	<u>(0.11)</u>	<u>(0.13)</u>	<u>(0.11)</u>
Diluted loss per share attributable to the equity holders of the Company (sen)	<u>(0.08)</u>	<u>(0.07)</u>	<u>(0.08)</u>	<u>(0.07)</u>

Note:-

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes to the interim financial statements.

There was no income / expense in relation to gain or loss on disposal of quoted or unquoted investment or properties, and gain or loss on derivatives and exceptional items.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	UNAUDITED AS AT END OF CURRENT QUARTER 30-Jun-2017 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31-Mar-2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	3,301	3,528
	<u>3,301</u>	<u>3,528</u>
Current Assets		
Inventories	6,436	6,448
Trade receivables	5,501	7,470
Other receivables, deposits and prepayments	8,675	6,987
Other investments	491	491
Tax recoverable	9	9
Cash and bank balances	13,552	14,792
	<u>34,664</u>	<u>36,197</u>
TOTAL ASSETS	<u>37,965</u>	<u>39,725</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	19,560	19,560
Translation reserve	(1,069)	(1,167)
Warrants reserve	9,780	9,780
Accumulated profits/(losses)	8,637	9,250
Shareholders' funds	36,908	37,423
Minority interests	(46)	(46)
Total Equity	<u>36,862</u>	<u>37,377</u>
Current Liabilities		
Trade payables	478	475
Other payables and accruals	625	1,873
	<u>1,103</u>	<u>2,348</u>
Total Liabilities	1,103	2,348
TOTAL EQUITY AND LIABILITIES	<u>37,965</u>	<u>39,725</u>
Net assets per share (RM)	<u>0.08</u>	<u>0.08</u>

Note:-

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	<----- Non-Distributable ----->			Warrants Reserve RM'000	Distributable Accumulated losses RM'000	Shareholders' Fund RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000					
At 30 September 2015								
At 1 October 2015	48,900	3,605	738	9,780	(24,196)	38,827	(114)	38,713
Par value deduction	(29,340)	(3,605)	-	-	32,945	-	-	-
Total comprehensive income / expense for the financial period	-	-	(1,905)	-	501	(1,404)	68	(1,336)
At 31 March 2017 (audited)	<u>19,560</u>	<u>-</u>	<u>(1,167)</u>	<u>9,780</u>	<u>9,250</u>	<u>37,423</u>	<u>(46)</u>	<u>37,377</u>
At 1 April 2017	19,560	-	(1,167)	9,780	9,250	37,423	(46)	37,377
Issuance of warrants	-	-	-	-	-	-	-	-
Total comprehensive expense for the financial period	-	-	98	-	(613)	(515)	-	(515)
At 30 June 2017 (Unaudited)	<u>19,560</u>	<u>-</u>	<u>(1,069)</u>	<u>9,780</u>	<u>8,637</u>	<u>36,908</u>	<u>(46)</u>	<u>36,862</u>

Note:-

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	UNAUDITED CURRENT YEAR TO DATE ENDED 30-Jun-2017	(RESTATED) AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 30-Jun-2016
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(613)	(71)
Adjustments for:		
Depreciation of property, plant and equipment	227	292
Interest income	(6)	(111)
Operating (loss) / profit before working capital changes	(392)	110
Changes in working capital:		
Decrease in inventories	12	154
Decrease / (Increase) in receivables	281	(6,744)
Decrease in payables	(1,245)	(1,728)
Cash flows absorbed by operations	(1,344)	(8,208)
Tax refund	-	-
Net cash used in operating activities	(1,344)	(8,208)
Cash flows from investing activities		
Interest income received	6	111
Net cash from investing activities	6	111
Net decrease in cash and cash equivalents	(1,338)	(8,097)
Foreign exchange fluctuation reserve	98	(319)
Cash and cash equivalents at beginning of the financial period/year	14,792	26,999
Cash and cash equivalents at end of the financial period/year	13,552	18,583
<u>Cash and cash equivalents at the end of the financial period/year comprises the following :-</u>		
Fixed deposits with licensed banks	-	-
Cash and bank balances	13,552	18,583
	13,552	18,583

Note:-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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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 31 March 2017.

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 31 March 2017 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 1	Deletion of Short-term Exemptions for First-time Adopters
MFRS 2	Clarification and Measurement of Share-based Payment Transactions
MFRS 4	Insurance Contracts
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 15	Revenue from Contracts with Customers
MFRS 16	Leases
MFRS 128	Investment in Associates and Joint Ventures : Investment Entities - Deferred
MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance 1 January 2018 Consideration Amendments to MFRS
New MFRS 14	Regulatory Deferral Accounts
MFRSs 2014-2016 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.

A4. Seasonal or cyclical factors

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



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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

	Three (3) Months Ended 30/06/2017 RM'000	Three (3) Months Ended 30/06/2016 RM'000	Current Year To Date Ended 30/06/2017 RM'000	Preceding Corresponding Year To Date Ended 30/06/2016 RM'000
Singapore	-	53	-	53
Malaysia	41	53	41	53
Thailand	300	-	300	-
Indonesia	-	250	-	250
China	-	-	-	-
Others	-	-	-	-
	<hr/> 341	<hr/> 356	<hr/> 341	<hr/> 356
Less: Inter-company transactions	-	(13)	-	(13)
	<hr/> 341	<hr/> 343	<hr/> 341	<hr/> 343
Total revenue	<hr/> <hr/> 341	<hr/> <hr/> 343	<hr/> <hr/> 341	<hr/> <hr/> 343



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(b) Analysis of revenue by product categories

	Three (3) Months Ended 30/06/2017 RM'000	Three (3) Months Ended 30/06/2016 RM'000	Current Year To Date Ended 30/06/2017 RM'000	Preceding Corresponding Year To Date Ended 30/06/2016 RM'000
Proprietary software	1	5	1	5
Value added products & services	340	310	340	310
AIDC hardware / equipment	0	41	0	41
	<hr/>	<hr/>	<hr/>	<hr/>
	341	356	341	356
Less: Inter-company transactions	-	(13)	-	(13)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	341	343	341	343

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	As at
	30/06/2017	30/06/2016
	RM'000	RM'000
Cash and bank balances	13,552	18,583
Fixed deposits with licensed banks	-	-
	<hr/>	<hr/>
	13,552	18,583
	<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 30 Jun 2017 versus Previous Year Quarter ended 30 June 2016

For the quarter under review, the Group generated revenue of RM0.34 million and loss before tax expenses (“LBT”) of RM0.61 million respectively, compared with revenue of RM0.34 million and LBT of RM0.53 million in the corresponding quarter of the preceding year ended 30 June 2016. The increase in LBT for the quarter under review was mainly due to higher operating cost and higher depreciation charged in comparison with corresponding quarter of the preceding year ended 30 June 2016.

B2. Comparison with preceding quarter’s results

	Three (3) Months 30/06/2017 RM'000	Three (3) Months 31/03/2017 RM'000	Variance RM'000
Revenue	341	4,252	(3,911)
Loss before tax (“LBT”)	(613)	(415)	(198)

The Group reported a revenue and LBT for the quarter under review of RM0.34 million and RM0.61 million respectively as compared with the preceding quarter’s revenue and LBT of RM4.25 million and RM0.42 million respectively. The sharp decrease in revenue was mainly due to no significant orders of value added products placed by customers during the quarter under review as compared with preceding quarter.

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 depreciation of Malaysian Ringgit. This continues to put pressure on DGB’s operating environment. The Group focus on expanding its footprint in oversea and expand its product range offered. 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.



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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 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. The private placement had been completed on 17 July 2017. For more details, please refer to Bursa Malaysia announcements dated 6 July 2017 and 17 July 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 Utilised	Amount Unutilised	Timeframe for Utilisation
Purpose	RM'000	RM'000	RM'000	(from 1 Nov 2016)
Working capital	29,910	28,306	1,604	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	28,756	7,104	

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.



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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	
	Three (3) Months Ended 30/06/2017	Three (3) Months Ended 30/06/2016	Current Year To Date Ended 30/06/2017	Preceding Corresponding Year To Date Ended 30/06/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(613)	(528)	(613)	(528)
Weighted average number of ordinary shares in issue ('000)	489,000	489,000	489,000	489,000
Basic (loss) / profit per share (sen)	(0.13)	(0.11)	(0.13)	(0.11)

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 June 2017.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/06/2017	Three (3) Months Ended 30/06/2016	Current Year To Date Ended 30/06/2017	Preceding Corresponding Year To Date Ended 30/06/2016
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(613)	(528)	(613)	(528)
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



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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)	(0.08)	(0.07)	(0.08)	(0.07)

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

	As at 30/06/2017	As at 31/03/2017
	RM'000	RM'000
Realised	8,637	4,710
Unrealised	-	8
	<u>8,637</u>	<u>4,718</u>
Add: Consolidation adjustment	-	4,532
Accumulated profits/(losses)	<u><u>8,637</u></u>	<u><u>9,250</u></u>

B13. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/06/2017	Three (3) Months Ended 30/06/2016	Current Year To Date Ended 30/06/2017	Preceding Corresponding Year To Date Ended 30/06/2016
	RM'000	RM'000	RM'000	RM'000
Interest Income	(6)	80	(6)	80
Depreciation and amortisation	227	126	227	126
Forex (gain)/loss	-	5	-	5