



DGB ASIA BERHAD (721605-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Period Ended 30 September 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	THREE(3) MONTHS	THREE(3) MONTHS	CURRENT YEAR TO DATE ENDED	PRECEDING CORRESPONDING
	30-Sep-2018 RM'000	30-Sep-2017 RM'000	18 MONTHS 30-Sep-2018 RM'000	18 MONTHS 30-Sep-2017 RM'000
Revenue	262	2,180	4,015	-
Operating expenses	(6,317)	(1,427)	(12,152)	-
Other operating income	(673)	-	1,673	-
(Loss) / Profit from operations	<u>(6,728)</u>	<u>753</u>	<u>(6,464)</u>	<u>-</u>
Share of loss of an associate	(26)	-	(26)	-
Finance expenses	-	-	-	-
(Loss) / Profit before tax expenses	<u>(6,754)</u>	<u>753</u>	<u>(6,490)</u>	<u>-</u>
Tax expenses	(420)	-	(420)	-
(Loss) / Profit after tax expenses	<u>(7,174)</u>	<u>753</u>	<u>(6,910)</u>	<u>-</u>
Other comprehensive income / (expense)				
- Foreign exchange translation from the foreign operations	(949)	(51)	(433)	-
Total comprehensive (expense) / Income	<u>(8,123)</u>	<u>702</u>	<u>(7,343)</u>	<u>-</u>
(Loss) / Profit attributable to :				
Equity holders of the company	(6,987)	753	(6,911)	-
Minority shareholders	<u>(187)</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>(7,174)</u>	<u>753</u>	<u>(6,910)</u>	<u>-</u>
Total comprehensive (expense) / income :				
Equity holders of the company	(7,934)	702	(7,342)	-
Minority shareholders	<u>(189)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>(8,123)</u>	<u>702</u>	<u>(7,343)</u>	<u>-</u>
(Loss) / Profit per share attributable to the equity holders of the Company (sen)	<u>(1.15)</u>	<u>0.14</u>	<u>(1.14)</u>	<u>-</u>
Diluted (loss) / profit per share attributable to the equity holders of the Company (sen)	<u>(1.10)</u>	<u>0.14</u>	<u>(1.09)</u>	<u>-</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.

Note : In view of the change in financial year end from 31 March 2018 to 30 September 2018, there were no comparative financial information available for the cumulative year to date 18 months financial period end to 30 September 2018.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	UNAUDITED AS AT END OF CURRENT QUARTER 30-Sep-2018 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31-Mar-2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	916	3,528
Investments in an associate	10,176	-
	11,092	3,528
Current Assets		
Inventories	4,276	6,448
Trade receivables	200	7,470
Other receivables, deposits and prepayments	5,116	6,987
Other investments	2,135	491
Tax recoverable	9	9
Cash and bank balances	34,010	14,792
	45,746	36,197
	56,838	39,725
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	54,140	19,560
Translation reserve	(1,600)	(1,167)
Warrants reserve	1,050	9,780
Accumulated profits/(losses)	2,340	9,250
Shareholders' funds	55,930	37,423
Minority interests	(117)	(46)
Total Equity	55,813	37,377
Current Liabilities		
Trade payables	1	475
Other payables and accruals	1,024	1,873
	1,025	2,348
Total Liabilities	1,025	2,348
TOTAL EQUITY AND LIABILITIES	56,838	39,725
Net assets per share (RM)	0.09	0.08

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 SEPTEMBER 2018

	<----- 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 private placement shares	1,840	-	-	-	-	1,840	-	1,840
Conversion of warrants	32,740	-	-	(8,730)	-	24,010	-	24,010
Total comprehensive expense for the financial period	-	-	(433)	-	(6,910)	(7,343)	(71)	(7,414)
At 30 September 2018 (Unaudited)	<u>54,140</u>	<u>-</u>	<u>(1,600)</u>	<u>1,050</u>	<u>2,340</u>	<u>55,930</u>	<u>(117)</u>	<u>55,813</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 SEPTEMBER 2018		
	UNAUDITED CURRENT YEAR TO DATE ENDED 30-Sep-2018	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 30-Sep-2017
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(6,490)	-
Adjustments for:		
Depreciation of property, plant and equipment	1,345	-
Impairment loss on trade receivables	102	-
Fair value loss of financial assets recognised in profit and loss	2,494	-
Inventories written down	1,953	-
Interest income	(652)	-
Gain on disposal of plant and equipment	(3)	-
Share of loss of an associate	26	-
Operating loss before working capital changes	(1,225)	-
Changes in working capital:		
Decrease in inventories	2,172	-
Decrease in receivables	4,138	-
Decrease in payables	(1,323)	-
Cash flows generated from operations	3,762	-
Tax refund	-	-
Net cash generated from operating activities	3,762	-
Cash flows used in investing activities		
Interest income received	652	-
Purchase of property, plant and equipment	(340)	-
Purchase of investment in unquoted shares	(10,202)	-
Net cash used in investing activities	(9,890)	-
Cash flows from financing activities		
Issuance of share capital	25,850	-
Dividend paid	-	-
Net cash from financing activities	25,850	-
Net increase in cash and cash equivalents	19,722	-
Foreign exchange fluctuation reserve	(504)	-
Cash and cash equivalents at beginning of the financial period/year	14,792	-
Cash and cash equivalents at end of the financial period/year	34,010	-
Cash and cash equivalents at the end of the financial period/year comprises the following :-		
Fixed deposits with licensed banks	32,975	-
Cash and bank balances	1,035	-
	34,010	-

Note:-

The restatement on previous year figures have not been audited. The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited the accompanying explanatory notes attached to the interim financial statements.

Note : In view of the change in financial year end from 31 March 2018 to 30 September 2018, there were no comparative financial information available for the cumulative year to date 18 months financial period end to 30 September 2018.



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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.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2017, except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial year beginning 1 April 2017. The adoptions of new and revised MFRSs, and amendment to MFRS are not expected to have significant financial impact to the Group.

A2. Auditors' report on preceding annual financial statements

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

A3. Seasonal or cyclical factors

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

A4. 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.

A5. Material changes in estimates

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

A6. 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.

A7. Dividend

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



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A8. Segmental information

(a) Analysis of revenue by geographical area

	Three (3) Months Ended 30/09/2018 RM'000	Three (3) Months Ended 30/09/2017 RM'000	Current Year To Date Ended 30/09/2018 RM'000	Preceding Corresponding Year To Date Ended 30/09/2017 RM'000
Singapore	(1)	47	47	-
Malaysia	8	33	114	-
Thailand	-	2,100	2,700	-
Indonesia	-	-	900	-
Hong Kong	254	-	254	-
Others	-	-	-	-
	<hr/> 262	<hr/> 2,180	<hr/> 4,015	<hr/> -
Less: Inter-company transactions	-	-	-	-
	<hr/> 262	<hr/> 2,180	<hr/> 4,015	<hr/> -
Total revenue	<hr/> <hr/> 262	<hr/> <hr/> 2,180	<hr/> <hr/> 4,015	<hr/> <hr/> -

(b) Analysis of revenue by product categories

	Three (3) Months Ended 30/09/2018 RM'000	Three (3) Months Ended 30/09/2017 RM'000	Current Year To Date Ended 30/09/2018 RM'000	Preceding Corresponding Year To Date Ended 30/09/2017 RM'000
Proprietary software	27	3	31	-
Value added products & services	7	2,176	3,757	-
AIDC hardware / equipment	228	1	227	-
	<hr/> 262	<hr/> 2,180	<hr/> 4,015	<hr/> -
Less: Inter-company transactions	-	-	-	-
	<hr/> 262	<hr/> 2,180	<hr/> 4,015	<hr/> -
Total revenue	<hr/> <hr/> 262	<hr/> <hr/> 2,180	<hr/> <hr/> 4,015	<hr/> <hr/> -



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A9. Valuation of property, plant and equipment

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

A10. 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.

A11. Changes in composition of the Group

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

A12. 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.

A13. 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.

A14. 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.

A15. Cash and cash equivalents

	As at 30/09/2018 RM'000	As at 30/09/2017 RM'000
Cash and bank balances	1,035	11,073
Fixed deposits with licensed banks	32,975	-
	<u>34,010</u>	<u>11,073</u>



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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 September 2018 versus Previous Year Quarter ended 30 September 2017

	Individual period (period ended 30 September 2018)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year-to-date	Preceding Year Corresponding Period	Changes (in Amount)
	30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	262	2,180	(1,918)	4,015	-	N/A
Operating profit / (loss)	(6,728)	753	(5,975)	(6,464)	-	N/A
Profit/(Loss) before interest and tax	(6,728)	753	(5,975)	(6,464)	-	N/A
Profit/(Loss) before tax	(6,754)	753	(6,001)	(6,490)	-	N/A
Profit/(Loss) after tax	(7,174)	753	(6,395)	(6,910)	-	N/A
Profit/(Loss) attributable to ordinary equity holders of the parent	(6,987)	753	(6,208)	(6,911)	-	N/A

For the quarter under review, the Group generated revenue of RM0.262 million and loss before tax expenses (“LBT”) of RM6.754 million respectively, compared with revenue of RM2.18 million and profit before tax expenses (“PBT”) of RM0.753 million in the corresponding quarter of the preceding year ended 30 September 2017. The lower in revenue for the quarter under review was mainly due to lower value added products sold. The increase in LBT for the quarter under review was mainly due to higher other operating cost as well as non-operating cost such as fair value loss of financial assets and inventory written down in comparison with corresponding quarter of the preceding year ended 30 September 2017.



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B2. Comparison with preceding quarter's results

	Current Quarter 30/09/2018 RM'000	Preceding Quarter 30/06/2018 RM'000	Variance RM'000
Revenue	262	302	(40)
Operating Profit	(6,728)	(711)	(6,017)
Loss before Interest and tax	(6,728)	(711)	(6,017)
Loss before tax	(6,754)	(711)	(6,043)
Loss after tax	(7,174)	(711)	(6,463)
Loss attributable to ordinary equity holders of the parent holders of the parent	(6,987)	(711)	(6,276)

The Group reported a revenue and LBT for the quarter under review of RM0.26 million and RM6.75 million respectively as compared with the preceding quarter's revenue and LBT of RM0.30 million and RM0.71 million respectively. The higher LBT in preceding quarter was mainly due to fair value loss of financial assets and inventory written down recorded.

B3. Prospects

The prospects ahead for the Group will be challenging due to stiff competition and weaker demand from local and overseas markets. These factors will continue to put pressure on DGB's operating environment. The Group will focus on expanding its footprint overseas/locally and expand its product range to cater customers' need. It is expected that the expansion to logistic services and hotel investment would yield a better return to the Group in the near future. Notwithstanding these challenges the Group will continue to strive for efficient cost management and expand its revenue portfolio to reduce its overall overheads and improve performance. The success of the Group will rely heavily on the capabilities of the management team to successfully implement these strategies.



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B4. Tax expenses

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
In respect of the current period:-				
Current taxation	(420)	-	(420)	-
Deferred taxation	-	-	-	-
	<u>(420)</u>	<u>-</u>	<u>(420)</u>	<u>-</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net tax charge/(credit)	<u>(420)</u>	<u>-</u>	<u>(420)</u>	<u>-</u>

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.



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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 2017)
Working capital	29,910	29,910	-	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	30,360	5,500	

B8. Borrowings and debt securities

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

B9. Trade receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 5 months (2016: 1 month to 5 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at quarter ended 30 September 2018				
	Current	1 – 3 months	3 – 6 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Denominated in RM	200	-	-	-	200
Denominated in Currency	-	-	-	-	-
Total	200	-	-	-	200

B10. Material litigation

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

B11. 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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B12. 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 30/09/2018	Three (3) Months Ended 30/09/2017	Current Year To Date Ended 30/09/2018	Preceding Corresponding Year To Date Ended 30/09/2017
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(6,987)	753	(6,911)	-
Weighted average number of ordinary shares in issue ('000)	607,207	529,302	607,207	-
Basic (loss) / profit per share (sen)	(1.15)	0.14	(1.14)	-

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 2018.

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/09/2018	Three (3) Months Ended 30/09/2017	Current Year To Date Ended 30/09/2018	Preceding Corresponding Year To Date Ended 30/09/2017
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(6,987)	753	(6,911)	-
Weighted average number of ordinary shares in issue ('000)	607,207	529,302	607,207	-
Effect of dilution after conversion of all outstanding Warrants ('000)	26,228	244,500	26,228	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	633,435	773,802	633,435	-
Diluted basic (loss) / profit per share (sen)	(1.10)	0.10	(1.09)	-



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B14. Comprehensive Income Disclosure

	Individual Quarter		Cumulative Quarter	
	Three (3) Months Ended 30/09/2018 RM'000	Three (3) Months Ended 30/09/2017 RM'000	Current Year To Date Ended 30/09/2018 RM'000	Preceding Corresponding Year To Date Ended 30/09/2017 RM'000
Interest Income	(329)	-	(652)	-
Depreciation and amortisation	223	226	1,345	-
Forex (gain)/loss	-	-	-	-
Bad debts written-off	-	-	-	-
Impairment loss on trade receivables	(102)	-	(102)	-
(Gain)/Loss on disposal of quoted shares	-	-	(818)	-
Inventories written-off	-	-	-	-
Inventories written-down	1,953	-	1,953	-
Unrealised loss / (gain) on quoted shares	1,269	-	2,494	-
(Gain) / Loss on disposal of PPE	(3)	-	(3)	-